



OKLAHOMA CITY MUSEUM OF ART, INC.
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022
WITH
INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Oklahoma City Museum of Art, Inc.

Opinion

We have audited the consolidated financial statements of Oklahoma City Museum of Art, Inc. and its subsidiaries (collectively, the Museum), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as of June 30, 2023 and 2022, and the results of their operations and their 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.

Report on Summarized Comparative Information

We have previously audited the 2022 financial statements of the Museum, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Hogan Taylor LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
November 29, 2023

OKLAHOMA CITY MUSEUM OF ART, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 1,070,301	\$ 757,731
Grants and accounts receivable, net	2,320,965	3,214,754
Inventory, net	609,210	533,272
Prepaid expenses	210,880	156,583
Investments	21,520,746	20,279,081
Beneficial interest in assets held by others	5,137,189	4,881,594
Property and equipment, net	15,948,646	16,398,834
Total assets	<u>\$ 46,817,937</u>	<u>\$ 46,221,849</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 332,635	\$ 257,374
Accrued liabilities	432,074	616,663
Notes payable	475,813	674,626
Total liabilities	1,240,522	1,548,663
Net assets:		
Without donor restrictions:		
Undesignated	1,106,373	1,382,062
Board designated	9,497,144	8,290,180
Invested in property and equipment	15,948,646	16,398,834
Total net assets without donor restrictions	26,552,163	26,071,076
With donor restrictions	19,025,252	18,602,110
Total net assets	<u>45,577,415</u>	<u>44,673,186</u>
Total liabilities and net assets	<u>\$ 46,817,937</u>	<u>\$ 46,221,849</u>

OKLAHOMA CITY MUSEUM OF ART, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended June 30, 2023

(with summarized totals for year ended June 30, 2022)

	2023			2022 Totals
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues, Gains and Other Support				
Contributions	\$ 2,731,532	\$ 789,457	\$ 3,520,989	\$ 4,650,015
Disaster relief funds	139,195	-	139,195	1,142,063
Fundraising events	258,445	294,667	553,112	471,227
Memberships	605,773	-	605,773	550,453
Admissions	452,082	-	452,082	470,760
Museum store sales	467,150	-	467,150	470,691
Museum of Art Cafe, Inc. sales	36,947	-	36,947	62,339
Museum Parking, LLC fees	226,850	-	226,850	178,417
In-kind donations	45,806	-	45,806	1,056,532
Miscellaneous	74,817	-	74,817	14,926
Net investment return (loss)	1,411,597	1,108,237	2,519,834	(2,882,863)
Net assets released from restrictions	1,769,219	(1,769,219)	-	-
 Total revenues, gains and other support	 8,219,413	 423,142	 8,642,555	 6,184,560
Expenses				
Program services	5,541,625	-	5,541,625	5,329,946
Fundraising	670,809	-	670,809	662,875
Management and general	1,133,373	-	1,133,373	1,206,709
Other	392,519	-	392,519	204,698
 Total expenses	 7,738,326	 -	 7,738,326	 7,404,228
 Changes in net assets	 481,087	 423,142	 904,229	 (1,219,668)
Net assets, beginning of year	26,071,076	18,602,110	44,673,186	45,892,854
 Net assets, end of year	 \$ 26,552,163	 \$ 19,025,252	 \$ 45,577,415	 \$ 44,673,186

OKLAHOMA CITY MUSEUM OF ART, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Changes in net assets	\$ 904,229	\$ (1,219,668)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Donated land	-	(890,000)
Depreciation	665,787	664,831
Gains on disposal of property and equipment	(5,539)	(1,380)
Net (gains) losses on investments	(2,015,322)	3,236,505
Changes in operating assets and liabilities:		
Grants and accounts receivable	893,789	(880,809)
Inventory	(75,938)	(60,562)
Prepaid expenses	(54,297)	369,676
Accounts payable	75,261	129,042
Accrued liabilities	(184,589)	151,722
Net cash provided by operating activities	203,381	1,499,357
Cash Flows from Investing Activities		
Purchases of property and equipment	(217,560)	(2,110,847)
Proceeds from sales of equipment	7,500	-
Purchases of investments	(7,625,321)	(13,564,294)
Proceeds from sales of investments	8,143,383	11,883,395
Net cash provided by (used in) investing activities	308,002	(3,791,746)
Cash Flows from Financing Activities		
Principal payments on note payable	(198,813)	(195,800)
Net change in cash and cash equivalents	312,570	(2,488,189)
Cash and cash equivalents, beginning of year	757,731	3,245,920
Cash and cash equivalents, end of year	\$ 1,070,301	\$ 757,731
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 9,069	\$ 12,082
Noncash Activity		
Fair value of donated land (see Note 7)	\$ -	\$ 890,000

OKLAHOMA CITY MUSEUM OF ART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022

Note 1 – Organization

Oklahoma City Museum of Art, Inc. (the Museum) is located in the Donald W. Reynolds Visual Arts Center which features three floors of galleries showcasing the Museum's permanent collection and temporary exhibitions organized by the Museum, and traveling exhibitions featured from art museums throughout the United States and abroad. The Museum showcases the only comprehensive independent, foreign, and repertory film program in the region. The Museum is accredited by the American Alliance of Museums and is a member of the Association of Art Museum Directors. Its mission is to enrich lives through the visual arts.

The Museum has two subsidiaries. Museum Parking, LLC (Parking), owns parking lots near the Museum and leases the lots to a third-party operator. The Museum of Art Cafe, Inc. (the Cafe) is now operating inside the Museum Store, with a streamlined business model.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Consolidated financial statements

The consolidated financial statements include the accounts of the Museum, Parking, and the Cafe. All material intercompany transactions have been eliminated in the consolidated financial statements.

Summarized comparative financial information

The consolidated statements of activities include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the consolidated financial statements for fiscal year 2022 from which the summarized information was derived.

Net assets

Net assets, revenues, support, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Without donor restrictions* – Net assets without donor restrictions are available for use at the discretion of the Museum's Board of Trustees (Board of Trustees) and/or management for support of operations. From time to time, the Board of Trustees may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. At June 30, 2023 and 2022, net assets of \$9,497,144 and \$8,290,180, respectively, were designated to be held in reserve by the Board of Trustees (see Note 4).

- *With donor restrictions* – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-imposed restrictions can be temporary in nature, such as those that will be met with the passage of time or other events specified by the donor, or perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity.

Cash and cash equivalents

The Museum considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts receivable

Receivables are reported at their estimated net realizable value. Receivables are evaluated on an individual basis for collectibility. Management believes the receivables at June 30, 2023 and 2022, will be collected in full, and therefore, no allowance for uncollectible receivables has been established.

Investments

Investments are stated at fair value, which is based on quoted market prices, if available, or by a reasonable estimate of fair value for fixed income securities. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses. Donated investments are initially recorded at fair value at the date of donation.

Property and equipment

Purchased assets are recorded at cost and donated assets are recorded at fair value at the date of donation. Property and equipment, with an initial value of \$5,000 or more, is capitalized and depreciated on a straight-line basis over the estimated useful lives of the respective assets, which range from two to 40 years.

Permanent art collection

The Museum's permanent art collection is made up of historically significant art, photography, works on paper, contemporary art and other art objects that are held for educational, research, and curatorial purposes. Each item is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The permanent collection forms the basis for special exhibitions on art historical topics and is used to conduct research and disseminate new scholarships to the general public. The Museum hosts special exhibitions organized by other institutions permitting a range of subject matter and works of art outside the scope of the Museum's own collection. A diversity of educational programs, ranging from tours, classes, in-gallery experiences, and lectures, are geared to visitors of all ages. The Museum is accessible to individuals with physical and sensory disabilities.

The Museum Film Program collects historic and contemporary arts of moving images. Additionally, it is one of the only cinemas in the region showing independent, foreign, and repertory programming. The Samuel Noble Theatre screens films Thursday through Sunday.

Works of art, which were acquired through purchases and contributions since the Museum's inception, are insured under the Museum's fine art insurance policy and are not capitalized and recognized as assets in the financial statements. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributions of collection items are not recognized in the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net assets classification. The Museum's policy provides for deaccessioning works that do not fit into the collections plan or that are of poor quality or condition. Any funds made available by the

sale of deaccessioned works without donor restrictions are used for acquisitions to strengthen the collection and direct care of existing collection items. The Museum defines direct care as those actions that make a physical impact upon an object that increases or restores its cultural value, thus prolonging its life and usefulness. These actions involve the conservation and preservation of all collection items held by the Museum.

Revenue recognition for contributions

Contributions, including unconditional promises to give, are recognized as revenue when the donor's unconditional commitment is received. Conditional promises to give, which contain donor-imposed conditions that represent a barrier that must be overcome as well as a right of release from obligation, are recognized when the conditions on which they depend are substantially met.

The Museum reports contributions of cash and other assets as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Contributions with donor restrictions that are fulfilled in the same reporting period as their receipts are recorded as increases in net assets without donor restrictions in the statements of activities.

The Museum records contributions made by donors on its behalf to other not-for-profit organizations or charitable trusts as an asset unless the donor has explicitly granted the recipient organization variance power. However, the Museum records contributions made to other not-for-profit organizations or charitable trusts as an asset regardless if variance power exists, if the Museum has designated itself as beneficiary. Variance power is defined as the unilateral power to redirect the use of the assets to another beneficiary.

Revenue recognition from exchange transactions

The Museum recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. ASC 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition, whereby revenue is recognized when each performance obligation is satisfied.

The Museum reports the following revenue from exchange transactions in its statements of activities:

Fundraising events – The Museum conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event, "the exchange component," and the excess of the gross proceeds over the fair value of the direct donor benefit represents a contribution to the Museum. The contribution is the most significant component. The exchange component is typically recorded as revenue when received. However, any significant amounts received in advance of an event occurring are recorded as a liability and recognized in the period in which the event occurs.

Memberships – The Museum offers individual and corporate memberships to the Museum at various levels. These are for a single-year period and are incorporated as part of operating support. Each membership has both a contribution and exchange component, the levels of which are determined by the level and nature of membership based on established rates. Payments for memberships are due at the point of sale. The revenue associated with the exchange component is recognized ratably throughout the year as the performance obligation is satisfied.

Admissions – Admissions is revenue associated with tickets sold for entry to the Museum. Admissions revenue ticket prices are based upon established levels for individuals and groups. The Museum recognizes revenue for admissions at the point of sale.

Museum store sales – The Museum operates a museum store onsite, which sells mission-related items on a retail basis to customers. The performance obligation is the delivery of the items to the customer. The transaction price is established by the Museum based on retail prices suggested by suppliers. As each item is individually priced, no allocation of the transaction price is necessary. The Museum recognizes revenue as the customer pays and takes possession of the merchandise. Some merchandise is sold with the right of return. Returns are not significant and are therefore recognized in the period they occur.

Museum of Art Cafe, Inc. sales – The Museum operates a grab and go food and beverage service onsite, for the purpose of providing this amenity to patrons of the Museum and community members. The performance obligation is the delivery of the meal to the customer. The transaction price is established by the Museum and as each item is individually priced, no allocation of the transaction price is necessary. The Museum recognizes revenue as food and beverages are provided.

Other revenue – Other revenue consists primarily of revenue from private events and is recognized ratably on a monthly basis as performance obligations are satisfied.

Income tax status

The Museum is a nonprofit organization and is exempt from income taxes. However, the Museum is subject to federal income tax on any unrelated business taxable income.

Functional expense allocations

The costs of providing the Museum's various programs and supporting services have been summarized on a functional basis in the statements of activities. Most expenses can be directly attributed to specific programs or supporting functions. Certain categories of expenses are attributed to more than one functional category. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Museum allocates salaries and wages based on actual staff positions. Administrative expenses are allocated to each area based on an estimate of usage. All remaining expenses are allocated based on actual expenses for the function.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of credit risk

Financial instruments, which potentially subject the Museum to credit risk, consist of grants and accounts receivable and investments. Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such change could materially affect the investment balances and the amounts reported in the consolidated financial statements.

Subsequent events

Management has evaluated subsequent events through November 29, 2023, the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability of Financial Assets

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 date, comprise the following as of June 30:

	2023	2022
Cash and cash equivalents	\$ 1,070,301	\$ 757,731
Grants and accounts receivable	2,320,965	3,214,754
Investments	21,520,746	20,279,081
Beneficial interest in assets held by others	5,137,189	4,881,594
Total financial assets as of year-end	30,049,201	29,133,160
Less amounts unavailable for general expenditures within one year due to:		
Board designations	(9,497,144)	(8,290,180)
Restricted by donors with purpose/time restrictions or in perpetuity	(19,025,252)	(18,602,110)
Total amounts unavailable for general expenditures	(28,522,396)	(26,892,290)
Add:		
Amounts released from restrictions subsequent to year-end and available for general expenditures in the following fiscal year	1,009,123	830,927
Appropriations from endowment funds for general expenditures in the following fiscal year	1,076,794	1,133,548
Total financial assets available to management for general expenditures within one year	\$ 3,612,722	\$ 4,205,345

As part of its liquidity management, the Museum has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Museum considers general expenditures to include expenditures for operations, programming, and exhibitions. Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. The amount appropriated for general expenditures is \$504,406 and \$499,159 as of June 30, 2023 and 2022, respectively. As described in Note 4, the Museum's board-designated endowments are subject to an annual spending rate. For the years ended June 30, 2023 and 2022, this rate is 5% and \$188,756 and \$267,389, respectively, of appropriation from the board-designated endowments will be available within the next 12 months. Distributions from beneficial assets held by others for 2023 and 2022 are budgeted at \$383,632 and \$367,000, respectively. Although the Museum does not intend to spend from the board-designated endowment (other than amounts appropriated per the Board of Trustees' annual spending rate approval), these amounts could be made available if necessary.

The Museum established an operating reserve endowment in 2022. This operating reserve balance is \$3,538,947 and \$2,756,223 as of June 30, 2023 and 2022, respectively. No withdrawals are scheduled from this fund until it reaches its maximum amount as prescribed by the Operating Reserve Policy.

Note 4 – Endowment Funds

Board of Trustees' interpretation

The Board of Trustees has interpreted state law as requiring the preservation of the fair value of the gifts of the donor-restricted endowment funds unless explicit donor stipulations specify otherwise. To meet that objective, the Museum's endowment investment, management, and distribution policies require that the corpus, meaning the fair value of the original and subsequent gifts as of the gift date, be maintained in perpetuity, with the earnings available to support the Museum's ongoing operations and programs.

State law allows the Board of Trustees to appropriate or accumulate so much of an endowment fund as the Museum determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. The law requires the Board of Trustees to prudently consider, if relevant, the general economic conditions, possible effect of inflation or deflation, expected total return, other resources of the institution, and the institution's Investment Policy.

Return objectives, risk parameters, strategies and spending policy

The principal goal of the Museum's investment program is to administer and invest funds received from donors in a prudent manner. The financial objective for the Museum's endowment funds is governed by guidelines specific to each separate investment portfolio. The overall financial objective is to maximize the risk-adjusted investment return while maintaining adequate levels of liquidity. 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). Risk of large losses is minimized by a diversified asset allocation. The investment allocation goal of 57% equities and 43% fixed income, with quarterly performance reviews, is expected to achieve the long-term return objectives within prudent risk constraints. Under the Investment Policy, the total return on investments is expected to exceed a benchmark consisting of the appropriate percent of the Standard & Poor's 500 Index and the Barclays Capital U.S. Government Bond Index that matches the equity and fixed income diversification of the portfolio over an average period of five consecutive years. The total return, after fees, from all unrestricted equity securities should equal or exceed the total return on the Standard & Poor's 500 Index over a period of five consecutive fiscal years.

Under the Museum's Endowment Distribution Policy, the amount available for appropriation each year is 5% of the average market value of the endowment at the end of each of the last 12 calendar quarters, provided that the appropriation would not cause the remaining market value of the endowment fund to be less than the corpus. This policy is expected to allow for real growth in addition to building the endowments through new gifts and return on investment.

Endowment net asset composition by type of fund at June 30:

Endowment Fund Type	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Board designated:						
Raymond A. and Verna N. Young	\$ 2,348,467	\$ -	\$ 2,348,467	\$ 2,263,411	\$ -	\$ 2,263,411
Westheimer Family	1,396,483	-	1,396,483	1,345,658	-	1,345,658
Museum Legacy	2,213,247	-	2,213,247	1,924,888	-	1,924,888
Operating Reserve	3,538,947	-	3,538,947	2,756,223	-	2,756,223
Total board designated	9,497,144	-	9,497,144	8,290,180	-	8,290,180
Donor restricted:						
Thatcher Hoffman Smith Film	-	989,081	989,081	-	951,107	951,107
Sarkeys Foundation Arts Education	-	704,866	704,866	-	678,324	678,324
Sonic America's Drive-In Arts Education	-	356,158	356,158	-	342,689	342,689
James Meade Collections Legacy	-	178,571	178,571	-	163,317	163,317
Museum Legacy	-	5,871,264	5,871,264	-	5,871,264	5,871,264

Endowment Fund Type	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Donald W. Reynolds Visual Arts Center Building Maintenance	-	4,000,786	4,000,786	-	4,075,704	4,075,704
Records Family	-	433,164	433,164	-	416,786	416,786
Total donor restricted	-	12,533,890	12,533,890	-	12,499,191	12,499,191
Total funds	\$ 9,497,144	\$ 12,533,890	\$ 22,031,034	\$ 8,290,180	\$ 12,499,191	\$ 20,789,371

Changes in endowment fund net assets consists of the following for the year ended June 30:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund net assets, beginning of year	\$ 8,290,180	\$ 12,499,191	\$ 20,789,371	\$ 7,327,539	\$ 13,940,701	\$ 21,268,240
Investment return (loss):						
Net investment income	253,580	120,547	374,127	182,530	113,556	296,086
Contributions	500,000	350	500,350	3,479,000	99,431	3,578,431
Net appreciation (depreciation)	1,016,219	492,253	1,508,472	(1,669,742)	(885,954)	(2,555,696)
	1,769,799	613,150	2,382,949	1,991,788	(672,967)	1,318,821
Appropriation for expenditure	(562,835)	(578,451)	(1,141,286)	(1,029,147)	(768,543)	(1,797,690)
Endowment fund net assets, end of year	\$ 9,497,144	\$ 12,533,890	\$ 22,031,034	\$ 8,290,180	\$ 12,499,191	\$ 20,789,371

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or state law requires the Museum to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2023 or 2022.

Note 5 – Contributions to Oklahoma City Community Foundation, Inc.

A separate fund, Oklahoma City Museum of Art Affiliated Fund of The Oklahoma City Community Foundation, Inc. (the Affiliated Fund), is established at the Oklahoma City Community Foundation (OCCF). Contributions received after July 1, 1991, by OCCF, which are designated to be invested to benefit the Museum, are placed in the Affiliated Fund. Investment decisions for the Affiliated Fund are made by a five-member panel that includes three representatives appointed by OCCF and two representatives appointed by the Museum's Board of Trustees. Income earned on the donated funds is paid to the Museum on a basis determined by the five-member panel. The principal amount of the Affiliated Fund cannot be distributed without the unanimous approval of OCCF's Board of Directors. As a result, OCCF has variance power and the Museum has not recorded these funds in the financial statements, except as detailed below.

Funds held by OCCF, at fair value, on behalf of the Museum and recognized in the accompanying financial statements as beneficial interest in assets held by others are as follows at June 30:

	2023	2022
Fee-Milligan Operating Endowment	\$ 2,243,484	\$ 2,144,221
Oklahoma City Museum Art Funds	212,775	203,361
The James C. and Virginia W. Meade Acquisitions Fund for 18th and 19th Century American Art	1,451,271	1,314,358
Carolyn A. Hill Collections Endowment	1,043,139	1,039,897
James C. Meade Friends Lecture Series Endowment Fund	186,520	179,757
	5,137,189	4,881,594
Funds contributed by third parties and held by OCCF, with variance power retained by OCCF, and not recognized in the accompanying financial statements as beneficial interests in assets held by others are as follows at June 30:		
Oklahoma City Museum of Art Affiliated Fund	5,486,000	5,214,503
Pauline Morrison Ledbetter Fund	370,402	352,098
Total funds	5,856,402	5,566,601
Total funds held by OCCF	\$ 10,993,591	\$ 10,448,195

Note 6 – Investments and Fair Value Measurements

The Museum has adopted the framework for measuring fair value in accordance with accounting standards that establishes a fair value hierarchy based on the observability of inputs used to measure fair value. These inputs are summarized in the three broad levels listed below:

Level 1	Quoted prices in active markets for identical assets or liabilities.
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used as of June 30, 2023 and 2022.

Following is a description of the valuation methodologies used for assets measured at fair value:

Where quoted market prices are available in an active market, investments are classified within Level 1. Level 1 investments primarily include mutual funds and exchange traded funds.

Where quoted market prices are not available, fair values are estimated by using pricing models, quoted prices of investments with similar characteristics, or discounted cash flows. Inputs used include broker/dealer quotes and other data which are obtained from independent pricing services. These investments are classified within Level 2 and primarily include certificates of deposit and fixed income securities.

In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. Beneficial interest in assets held by others (Beneficial Interest) is measured at fair value using Level 3 inputs. Since OCCF maintains variance power for the Beneficial Interests it holds, there is no potential market for the Beneficial Interest or similar assets. Consequently, the valuation is determined by aggregating the valuation of the underlying investments of the Beneficial Interest as reported by OCCF. These are considered to be Level 3 measurements.

This table sets forth by level, within the fair value hierarchy, assets at fair value at June 30, 2023:

	Level 1	Level 2	Level 3	Total
2023				
Certificates of deposit	\$ -	\$ 92,774	\$ -	\$ 92,774
Mutual funds	1,249,127	-	-	1,249,127
Exchange traded funds	11,876,559	-	-	11,876,559
Fixed income securities	-	8,302,286	-	8,302,286
Beneficial interest in assets held by others	-	-	5,137,189	5,137,189
Total assets at fair value	<u>\$ 13,125,686</u>	<u>\$ 8,395,060</u>	<u>\$ 5,137,189</u>	<u>\$ 26,657,935</u>

This table sets forth by level, within the fair value hierarchy, assets at fair value at June 30, 2022:

	Level 1	Level 2	Level 3	Total
2022				
Certificates of deposit	\$ -	\$ 526,118	\$ -	\$ 526,118
Mutual funds	1,518,218	-	-	1,518,218
Exchange traded funds	10,665,659	-	-	10,665,659
Fixed income securities	-	7,569,086	-	7,569,086
Beneficial interest in assets held by others	-	-	4,881,594	4,881,594
Total assets at fair value	<u>\$ 12,183,877</u>	<u>\$ 8,095,204</u>	<u>\$ 4,881,594</u>	<u>\$ 25,160,675</u>

There were no purchases of investments included in Level 3 during the years ended June 30, 2023 or 2022. During the years ended June 30, 2023 and 2022, there were no transfers of financial instruments into or out of Level 3 of the fair value hierarchy.

Note 7 – Property and Equipment

Property and equipment consist of the following at June 30:

	2023	2022
Land and improvements	\$ 3,429,290	\$ 3,429,290
Buildings and improvements	22,898,876	22,854,365
Furniture and fixtures	2,233,906	2,162,760
Equipment	1,526,775	1,435,570
	30,088,847	29,881,985
Accumulated depreciation	(14,140,201)	(13,483,151)
Total	<u>\$ 15,948,646</u>	<u>\$ 16,398,834</u>

In June 2022, the Museum purchased an undivided interest in an additional parking lot for \$1,600,000. The purchase price and subsequent remediation were funded by donations of \$1,857,000. The Museum was then gifted both the remaining undivided interest in the parking lot, valued by an independent appraisal at \$880,000, and associated legal fees of \$10,000.

Note 8 – Notes Payable

Notes payable consist of the following at June 30:

	2023	2022
\$1,000,000 loan payable issued on October 8, 2020, for roof repair, due in monthly installments of \$17,324, including interest at 1.51%, until October 8, 2025; secured by the Museum's real and personal property.	<u>\$ 475,813</u>	<u>\$ 674,626</u>

Future maturities are as follows at June 30:

Fiscal Year	Amount
2024	\$ 201,989
2025	205,117
2026	<u>68,707</u>
	<u>\$ 475,813</u>

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30, 2023:

Purpose	For a Specific Purpose/Time	Held in Perpetuity	Total
Art acquisition	\$ 864,688	\$ 1,629,373	\$ 2,494,061
Art education	310,674	750,350	1,061,024
Building maintenance	4,000,786	-	4,000,786
Film	248,345	740,736	989,081
Operations	125,325	6,179,104	6,304,429
Programming	1,354,523	-	1,354,523
Meade Legacy - exhibition, conservation, and scholarship	13,809	164,761	178,570
Meade Lecture Series (OCCF)	41,894	144,625	186,519
Operations (OCCF)	<u>2,456,259</u>	<u>-</u>	<u>2,456,259</u>
	<u>\$ 9,416,303</u>	<u>\$ 9,608,949</u>	<u>\$ 19,025,252</u>

Net assets with donor restrictions are available for the following purposes at June 30, 2022:

Purpose	For a Specific Purpose/Time	Held in Perpetuity	Total
Art acquisition	\$ 844,882	\$ 1,629,373	\$ 2,474,255
Art education	270,661	750,350	1,021,011
Building maintenance	4,075,704	-	4,075,704
Film	210,721	740,386	951,107
Operations	108,946	6,179,104	6,288,050
Programming	1,101,327	-	1,101,327
Meade Legacy - exhibition, conservation, and scholarship	(1,444)	164,761	163,317
Meade Lecture Series (OCCF)	35,132	144,625	179,757
Operations (OCCF)	<u>2,347,582</u>	<u>-</u>	<u>2,347,582</u>
	<u>\$ 8,993,511</u>	<u>\$ 9,608,599</u>	<u>\$ 18,602,110</u>

Note 10 – Analysis of Expenses by Function and Nature

The tables below present expenses by both their nature and their function for the years ended June 30:

2023	Program Services	Fundraising	Management and General	Other	Total
Personnel	\$ 2,202,078	\$ 338,678	\$ 789,495	\$ 7,327	\$ 3,337,578
Marketing	322,886	39,388	1,671	1,600	365,545
Utilities	392,767	18,835	34,994	-	446,596
Shipping/postage	164,652	818	797	13	166,280
Rentals	329,513	-	-	-	329,513
In-kind (advertising and other)	1,342	40,880	-	3,584	45,806
Equipment and maintenance	171,241	22,824	34,236	4,148	232,449
Professional services	38,427	-	58,887	-	97,314
Supplies and materials	396,472	2,733	8,215	-	407,420
Contract labor	72,176	27,432	17,470	-	117,078
Travel	60,541	4,195	505	-	65,241
Dues and subscriptions	26,029	2,470	83,341	-	111,840
Receptions and events	71,509	142,584	2,067	-	216,160
Insurance	102,690	4,564	6,846	-	114,100
Museum of Art Cafe, Inc.	110	-	-	117,941	118,051
Museum Parking, LLC	-	-	-	30,339	30,339
Museum Store	339,827	-	-	152,676	492,503
Art Accessioned	250,000	-	-	-	250,000
Other	67,559	1,772	59,395	-	128,726
Depreciation and amortization	531,806	23,636	35,454	74,891	665,787
Total expenses	\$ 5,541,625	\$ 670,809	\$ 1,133,373	\$ 392,519	\$ 7,738,326

2022	Program Services	Fundraising	Management and General	Other	Total
Personnel	\$ 1,929,972	\$ 381,542	\$ 850,481	\$ -	\$ 3,161,995
Marketing	394,708	17,530	1,504	-	413,742
Utilities	358,096	17,632	32,468	-	408,196
Shipping/postage	61,222	760	581	-	62,563
Rentals	544,126	-	-	-	544,126
In-kind (advertising and other)	137,042	29,490	-	-	166,532
Equipment and maintenance	149,568	19,943	29,914	8,291	207,716
Professional services	19,190	-	74,607	-	93,797
Supplies and materials	441,376	3,321	9,345	-	454,042
Contract labor	42,021	19,246	19,580	-	80,847
Travel	23,100	1,317	169	-	24,586
Dues and subscriptions	17,689	3,965	77,108	-	98,762
Receptions and events	47,734	136,540	1,252	-	185,526
Insurance	90,726	4,032	6,048	-	100,806
Museum of Art Cafe, Inc.	-	-	-	49,372	49,372
Museum Parking, LLC	-	-	-	12,173	12,173
Museum Store	291,977	-	-	131,177	423,154
Art Accessioned	42,340	-	-	-	42,340
Other	144,028	1,111	63,983	-	209,122
Depreciation and amortization	595,031	26,446	39,669	3,685	664,831
Total expenses	\$ 5,329,946	\$ 662,875	\$ 1,206,709	\$ 204,698	\$ 7,404,228