CONTEMPORARY ART MUSEUM ST. LOUIS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018

Contemporary Art Museum St. Louis

CONTENTS

SCHMERSAHL TRELOAR & CO.
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Contemporary Art Museum St. Louis
St. Louis, Missouri

We have audited the accompanying financial statements of Contemporary Art Museum St. Louis ("CAM") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CAM as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schmersahl Treloar & Co., PC

St. Louis, Missouri
September 12, 2019

FINANCIAL STATEMENTS

Contemporary Art Museum St. Louis
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30, 2019	June 30, 2018
CASH AND CASH EQUIVALENTS	$ 568,779	$ 857,867
INVESTMENTS	10,813,445	10,045,938
PLEDGES RECEIVABLE		
Operating	851,706	387,638
Endowment fund	1,430,104	1,425,214
Total Pledges Receivable, Net of Discount	2,281,810	1,812,852
PROPERTY AND EQUIPMENT, NET	6,197,295	5,948,254
OTHER ASSETS	113,821	84,284
Total Assets	$ 19,975,150	$ 18,749,195

LIABILITIES AND NET ASSETS

	2019	2018
LIABILITIES		
Accounts payable and accrued expenses	$ 422,388	$ 205,998
NET ASSETS		
Without donor restrictions		
Net investment in property and equipment	6,197,295	5,948,254
Board designated endowment	3,791,427	3,091,526
Available for general use	(1,515,278)	(1,435,274)
Total Net Assets Without Donor Restrictions	8,473,444	7,604,506
With donor restrictions		
Perpetual in nature	8,130,742	8,118,352
Purpose restrictions	729,076	1,046,211
Time-restricted for future periods	2,219,500	1,774,128
Total Net Assets With Donor Restrictions	11,079,318	10,938,691
Total Net Assets	19,552,762	18,543,197
Total Liabilities and Net Assets	$ 19,975,150	$ 18,749,195

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Individual contributions	$ 750,740	$ 689,532	$ 1,440,272
Corporate/foundation/special contributions	941,765	376,000	1,317,765
Government grants	65,123	309,278	374,401
Investment return, net of fees	(30,953)	15,186	(15,767)
Program related income	94,680	-	94,680
Café and other income, net of cost of sales and other expenditures of $81,892	96,310	-	96,310
Special events, net of cost of direct benefits to donors of $122,098	247,876	-	247,876
Art auctions, net of artist payments of $98,627	99,773	-	99,773
In-kind donations	7,825	-	7,825
Net assets released from restrictions:			
Draw for unrestricted operations	365,000	(365,000)	-
Create: The CAMpaign	528,555	(528,555)	-
Exhibits, program, and time	355,814	(355,814)	-
Total Revenues	3,522,508	140,627	3,663,135
EXPENSES			
Program services	2,134,698	-	2,134,698
Supporting services	111,005	-	111,005
Fundraising	407,867	-	407,867
Total Expenses	2,653,570	-	2,653,570
CHANGE IN NET ASSETS	868,938	140,627	1,009,565
NET ASSETS, Beginning of year	7,604,506	10,938,691	18,543,197
NET ASSETS, End of year	$ 8,473,444	$ 11,079,318	$ 19,552,762

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Individual contributions	$ 685,037	$ 523,402	$ 1,208,439
Corporate/foundation/special contributions	192,110	93,500	285,610
Government grants	22,877	160,914	183,791
Investment return, net of fees	90,322	628,058	718,380
Program related income	34,150	-	34,150
Café and other income, net of cost of sales and other expenditures of $125,411	107,705	-	107,705
Special events, net of cost of direct benefits to donors of $92,622	213,646	-	213,646
Art auctions, net of artist payments of $17,500	17,900	-	17,900
In-kind donations	16,937	-	16,937
Net assets released from restrictions:			
Draw for unrestricted operations	314,000	(314,000)	-
Create: The CAMpaign	412,401	(412,401)	-
Exhibits, program, and time	844,517	(844,517)	-
Total Revenues	2,951,602	(165,044)	2,786,558
EXPENSES			
Program services	2,135,127	-	2,135,127
Supporting services	125,625	-	125,625
Fundraising	365,319	-	365,319
Total Expenses	2,626,071	-	2,626,071
CHANGE IN NET ASSETS	325,531	(165,044)	160,487
NET ASSETS, Beginning of year	7,278,975	11,103,735	18,382,710
NET ASSETS, End of year	$ 7,604,506	$ 10,938,691	$ 18,543,197

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services	Supporting Services	Fund-raising	Other Costs	Total
OPERATING EXPENSES					
Salaries and payroll taxes	$ 922,511	$ 90,056	$ 281,975	$ -	$1,294,542
Contract services	324,599	1,865	20,574	-	347,038
Facilities	131,967	1,345	4,035	-	137,347
Special events - fundraising	-	-	-	122,098	122,098
Medical insurance	75,706	9,022	28,047	-	112,775
Art auction payments	-	-	-	98,627	98,627
Café and other	-	-	-	81,892	81,892
Printing	66,699	217	6,629	-	73,545
Travel	52,971	-	1,184	-	54,155
Insurance	52,431	417	1,252	-	54,100
Supplies	49,283	550	2,687	-	52,520
Postage and shipping	44,801	60	4,359	-	49,220
Information technology	10,774	225	28,973	-	39,972
Equipment and equipment rentals	24,849	1,267	5,570	-	31,686
Advertising	26,325	34	591	-	26,950
Bank charges/payroll service	16,829	2,005	6,235	-	25,069
Food, beverage, and hospitality	14,806	323	3,823	-	18,952
Telephone	15,602	163	487	-	16,252
Exhibition fees and awards	12,652	-	-	-	12,652
Miscellaneous	9,064	365	2,146	-	11,575
In-kind services	7,250	-	-	-	7,250
Bad debt expense	2,028	242	751	-	3,021
Total Operating Expenses	1,861,147	108,156	399,318	302,617	2,671,238
NON-OPERATING EXPENSES					
Depreciation	273,551	2,849	8,549	-	284,949
	2,134,698	111,005	407,867	302,617	2,956,187
Less expenses included with revenues on the Statement of Activities					
Other Costs	-	-	-	(302,617)	(302,617)
TOTAL EXPENSES	$2,134,698	$ 111,005	$ 407,867	$ -	$2,653,570

See accompanying notes to financial statements

Contemporary Art Museum St. Louis

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Program Services	Supporting Services	Fund-raising	Other Costs	Total
OPERATING EXPENSES					
Salaries and payroll taxes	$ 898,329	$ 95,054	$ 253,692	$ -	$1,247,075
Contract services	142,065	2,642	17,011	-	161,718
Facilities	151,870	1,578	4,731	-	158,179
Special events - fundraising	-	-	-	92,622	92,622
Medical insurance	72,321	9,715	25,906	-	107,942
Art auction payments	-	-	-	17,500	17,500
Café and other	-	-	-	125,411	125,411
Printing	50,736	56	3,303	-	54,095
Travel	44,258	130	368	-	44,756
Insurance	40,743	319	956	-	42,018
Supplies	31,140	461	2,577	-	34,178
Postage and shipping	171,231	103	3,088	-	174,422
Information technology	44,349	278	6,963	-	51,590
Equipment and equipment rentals	32,550	1,701	5,305	-	39,556
Advertising	11,462	-	518	-	11,980
Bank charges/payroll service	16,478	2,214	5,903	-	24,595
Food, beverage, and hospitality	14,773	334	3,620	-	18,727
Telephone	13,958	145	436	-	14,539
Exhibition fees and awards	77,806	-	-	-	77,806
Miscellaneous	15,391	1,140	4,064	-	20,595
In-Kind Services	11,101	966	2,576	-	14,643
Bad debt expense	46,174	6,202	16,540	-	68,916
Total Operating Expenses	1,886,735	123,038	357,557	235,533	2,602,863
NON-OPERATING EXPENSES					
Depreciation	248,392	2,587	7,762	-	258,741
	2,135,127	125,625	365,319	235,533	2,861,604
Less expenses included with revenues on the Statement of Activities					
Cost of direct benefits to donors	-	-	-	(235,533)	(235,533)
TOTAL EXPENSES	$2,135,127	$ 125,625	$ 365,319	$ -	$2,626,071

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENTS OF CASH FLOWS

	Years Ended June 30, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,009,565	$ 160,487
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	284,949	258,741
Contributions restricted for non-operating additions and endowment	5,393	(157,914)
Net realized and unrealized losses (gains) on investments	336,080	(405,856)
Bad debt	3,021	68,916
Donated securities	(206,308)	(172,378)
Proceeds from sale of donated securities	206,308	172,378
(Increase) decrease in assets:		
Operating pledges receivable	(471,494)	210,294
Other assets	(29,537)	(18,504)
Increase in liabilities:		
Accounts payable and accrued expenses	216,390	44,249
Net Change in Cash from Operating Activities	1,354,367	160,413
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,700,700)	(4,785,444)
Proceeds from sale of investments	1,597,113	1,574,296
Purchases of property and equipment	(533,990)	(52,173)
Net Change in Cash from Investing Activities	(1,637,577)	(3,263,321)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for non-operating additions and endowment	(5,878)	3,551,836
NET CHANGE IN CASH AND CASH EQUIVALENTS	(289,088)	448,928
CASH AND CASH EQUIVALENTS, Beginning of year	857,867	408,939
CASH AND CASH EQUIVALENTS, End of year	$ 568,779	$ 857,867

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Contemporary Art Museum St. Louis (CAM), a non-collecting institution, is internationally recognized for exhibitions of the most provocative, insightful, and relevant contemporary art being made today. During fiscal year 2019 (the 2018–2019 season), CAM presented sixteen exhibitions featuring prescient and seminal work by emerging and established artists, ranging from painting and sculpture to textiles and video, with three site-specific installations that transformed the building's facade and courtyard. Alongside its exhibitions, CAM publishes scholarly catalogs; in fiscal year 2019, titles included *Amy Sherald, Sanford Biggers,* and the upcoming *Paul Mpagi Sepuya* and *Christine Corday: RELATEIVE POINTS.* In total, the Museum exhibited sixteen artists, highlighted the work of more than 150 local artists through its annual Open Studios STL program, and served 37,447 visitors on-site and 201,738 visitors online.

In conjunction with its exhibitions, CAM delivers art education to people of all ages by presenting a diverse line-up of public programs that include artist and curator lectures; art-inspired dinners; film screenings; unique workshops for families with young children; and a monthly neighborhood-wide art crawl. CAM's public programs attract visitors to the Museum, cultivate interest in art, and engage audiences of all ages. During fiscal year 2019, CAM hosted more than 120 programs, the vast majority of which were free.

Finally, CAM remains dedicated to fostering creativity and increasing access to the arts for the young people of St. Louis through free arts education initiatives. From in-depth pre-professional training like New Art in the Neighborhood (CAM's longest running program, 24 years) and Teen Museum Studies, to advanced instruction for middle-schoolers in the LEAP Middle School Initiative, to broad school and community engagement programs like ArtReach and the mobile art studio ArtBus, CAM is proud of the meaningful ways its programs make a difference to St. Louis youth. In 2018–2019, CAM expanded its partnership with Vashon High School, continuing a project-based art curriculum, providing teaching artists for two introductory art courses for some 50 sophomores, and offering an advanced art elective course to juniors and seniors. The partnership will return next year. In fiscal year 2019, the Museum's youth education programs served more than 4,788 youth from the greater St. Louis area.

Method of Accounting

The financial statements of CAM are presented using the accrual method of accounting.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Change in Accounting Principle

In August 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standard Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. CAM has applied the changes retrospectively to all periods presented. The new standard changes the following aspects of the financial statements:

- Unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a disclosure about liquidity and availability of financial assets (Note M)

Cash and Cash Equivalents

CAM considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. CAM maintains cash deposits in bank accounts which at times may exceed the insured limits of up to $250,000 by the Federal Deposit Insurance Corporation (FDIC insured). CAM has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

Revenue Recognition

CAM's primary sources of revenue consist of corporate and individual contributions, special events, and grants. Grants are generally recognized as revenue in the period that specific services are performed. However, certain grants may qualify as contributions and, accordingly, are recognized as support when made. Contributions are recognized when the donor makes a promise to give to CAM, that is, in substance, unconditional. Contributions are recognized at the time a signed pledge is received and are discounted at 2% per year for 2019 and 2018, if payable beyond one year. Other income is recognized when earned.

Restricted contributions which are received and expended in the same fiscal year are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Net Assets 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 such assets be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Financial Instruments

The following methods and assumptions were used by CAM in estimating its fair value disclosure for financial instruments:

The carrying amounts of cash and cash equivalents, pledges receivable due in less than one year, other current assets, and accounts payable and accrued expenses approximate fair values due to the short-term maturities of those instruments.

Investments are carried at fair market value based on quoted market prices.

In-Kind Donations

Donated assets, goods, and services are recorded at fair value on the date of the gift. Donated services are recognized as contributions in accordance with FASB ASC 958-605, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CAM.

Unpaid volunteers and professional service organizations have made significant contributions of their time in the areas of membership development, exhibitions and administrative services. The value of this contributed time is not reflected in these financial statements because it does not meet the criteria for recognition.

Property and Equipment

Purchased furniture and equipment, buildings, and building improvements are stated at cost and donated land, furniture, and equipment are stated at estimated market value at date of receipt. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which are five years for furniture, fixtures, and equipment and thirty-nine years for the building and building improvements. Expenditures for repairs and maintenance are charged to operations while renewals and betterments are capitalized.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes

CAM qualifies as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, it is exempt from federal and state income taxes. CAM files an information return, IRS Form 990. Fiscal years 2016 and later remain subject to examination, generally three years after the returns were filed. CAM management is not aware of any pending examinations related to tax filings.

CAM follows the provisions of ASC 740-10-25 requiring disclosure of uncertain tax positions. There has been no interest or penalties recognized in the Statements of Activities or in the Statements of Financial Position related to uncertain tax positions. In addition, no tax positions exist for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next 12 months. CAM evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures and discussions with outside experts.

Functional Expense Allocation

The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities, insurance, telephone, and depreciation, which are allocated on an estimated square footage basis; salaries and payroll taxes, contract services, and medical insurance are allocated on personnel time and effort; and certain other expenses have been allocated among program, supporting services, and fundraising on the basis of time and effort.

Advertising

CAM expenses advertising costs as they are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassification

Certain June 30, 2018 amounts have been reclassified to conform to the June 30, 2019 financial statement presentation.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Subsequent Events

CAM has evaluated events and transactions for potential recognition or disclosure through September 12, 2019, the date the financial statements were available to be issued.

B. INVESTMENTS

The investments at June 30, 2019 are summarized as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
U.S. Government Bonds	$ 676,667	$ 682,479	$ 5,812
Certificates of Deposit	3,257,055	3,290,439	33,384
Fixed Income	487,396	496,509	9,113
Real Estate Funds	240,086	257,890	17,804
Equity Mutual Funds	6,312,456	6,086,128	(226,328)
Total Investments	$10,973,660	$10,813,445	($160,215)

The investments at June 30 2018, are summarized as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
U.S. Government Bonds	$ 700,583	$ 696,753	($ 3,830)
Certificates of Deposit	3,510,788	3,478,880	(31,908)
Fixed Income	316,317	310,005	(6,312)
Real Estate Funds	245,964	246,783	819
Equity Mutual Funds	5,081,195	5,313,517	232,322
Total Investments	$9,854,847	$10,045,938	$191,091

Investment return at June 30 is summarized as follows:

	2019	2018
Investment income	$345,313	$337,524
Less: investment management fees	(25,000)	(25,000)
Net realized and unrealized (losses) gains	(336,080)	405,856
Total Investment Return, Net of Fees	($ 15,767)	$718,380

C. FAIR VALUE MEASUREMENTS

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology 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.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following tables set forth, by level within the fair value hierarchy, CAM's investment holdings.

	Investments at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
U.S. Government Bonds	$ -	$ 682,479	$ -	$ 682,479
Certificates of Deposit	-	3,290,439	-	3,290,439
Fixed Income	-	496,509	-	496,509
Real Estate Funds	257,890	-	-	257,890
Equity Mutual Funds	6,086,128	-	-	6,086,128
Total	$6,344,018	$4,469,427	$ -	$10,813,445

	Investments at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
U.S. Government Bonds	$ -	$ 696,753	$ -	$ 696,753
Certificates of Deposit	-	3,478,880	-	3,478,880
Fixed Income	-	310,005	-	310,005
Real Estate Funds	246,783	-	-	246,783
Equity Mutual Funds	5,313,517	-	-	5,313,517
Total	$5,560,300	$4,485,638	$ -	$10,045,938

D. PLEDGES RECEIVABLE

Pledges receivable are due to CAM as follows at June 30:

	2019	2018
Receivable in less than one year	$1,168,972	$ 869,342
Receivable in one to five years	1,150,769	976,048
	2,319,741	1,845,390
Less discount – 2% at June 30, 2019 and 2018	(37,931)	(32,538)
Total Pledges Receivable, Net of Discount	$2,281,810	$1,812,852

Management has determined the pledges receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at June 30, 2019 and 2018.

E. MISSOURI CULTURAL TRUST FUND

The Missouri Arts Council Trust Fund Board of Trustees and CAM entered into a Matching Interest Program Agreement in 1999 whereby funds from the Missouri Cultural Trust Fund of $700,000 were set aside in the Missouri Cultural Trust Fund for purposes of providing interest payments to CAM. Under the agreement, the Missouri Cultural Trust Fund Board of Trustees may make an annual payment reflecting an interest rate of 5% of the $700,000 set aside. During fiscal year 2017 a new contract was entered into. The contract provides for an annual payment amount up to 5% of the $700,000 amount. The rate of the award will reflect the annual interest rate (total return) actually earned, but in no case will the rate exceed 5%. The annual payment is subject to annual appropriation by the Missouri Cultural Trust Fund Board of Trustees. CAM received $9,240 of payments during the year ended June 30, 2019 and did not receive payments during the year ended June 30, 2018. This agreement ended June 30, 2019.

F. PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30:

	2019	2018
Land and land improvements	$ 397,250	$ 397,250
Furniture, fixtures, and equipment	131,569	134,220
Construction in Progress	-	18,650
Building and building improvements	9,392,341	8,859,832
	9,921,160	9,409,952
Less: accumulated depreciation	(3,723,865)	(3,461,698)
Total Property and Equipment, Net	$6,197,295	$5,948,254

G. LAND

In August 2001, CAM received as a gift the land at 3750 Washington Boulevard, the site of its facility. The deed contains the following restrictions:

a. CAM must operate continuously in accordance with its present purposes.
b. The donor has a right of first refusal if CAM wishes to sell the property.

H. LINE OF CREDIT - OPERATIONS

CAM has a $600,000 line of credit arrangement. Amounts outstanding under this note will bear interest at a rate per annum which is at all times equal to the daily LIBOR rate plus 2.75% (5.12% at June 30, 2019). The line of credit expires December 30, 2019. No borrowings were made throughout the years ended June 30, 2019 and 2018.

I. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose or periods:

	2019	2018
Subject to expenditures for specific purpose:		
Unappropriated endowment	$ 663,076	$ 1,024,211
Exhibitions, education, and outreach	66,000	22,000
	729,076	1,046,211
Subject to passage of time:		
Future periods	789,298	348,815
Create: The CAMpaign	1,430,202	1,425,313
	2,219,500	1,774,128
Perpetual in nature:		
Original donor-restricted gift amount and amount required to be maintained by donor	8,130,742	8,118,352
Total Net Assets with Donor Restrictions	$11,079,318	$10,938,691

Net assets with donor restrictions are reclassified to net assets without donor restrictions when the time restriction expires or the funds are utilized for the restricted purpose.

Net assets with donor restrictions that are perpetual in nature consist of endowment contributions to be held in perpetuity, the income from which is restricted to CAM's operating expenses.

J. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors consist of the following as of June 30:

	2019	2018
Purpose Restrictions		
Exhibitions, education, and outreach	$ 22,000	$ 49,000
Time Restrictions Expired	333,814	795,517
Exhibits, program, and time Released from Restrictions	$355,814	$844,517
Create: The CAMpaign Released from Restrictions	$528,555	$412,401
Draw for unrestricted operations Released from Restrictions	$365,000	$314,000

K. ENDOWMENT

CAM's endowment consists of both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

During 2006, the Uniform Law Commission (ULC) approved the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that serves as a guideline for states to use in enacting legislation related to the UPMIFA. In response to the ULC's act, the FASB issued Endowments of Not-for-Profit Organizations, effective for years ending after December 15, 2008, which requires substantial additional disclosures relating to endowments. Subsequent to June 30, 2009 the State of Missouri passed legislation enacting a state version of the UPMIFA.

The Board of Directors of CAM has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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, CAM classifies as net assets with donor restrictions – perpetual in nature (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

K. **ENDOWMENT** *(Continued)*

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restriction – perpetual in nature is classified as net assets with donor restrictions – unappropriated endowment until those amounts are appropriated for expenditure by CAM in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, CAM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of CAM, and (7) CAM's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies. CAM has adopted investment and spending policies, approved by the Board of Directors, for endowment assets, net of approved Board Designated loans to operations, that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution in accordance with the spending policy following, while growing the funds if possible. CAM's performance objective, over a long-term investment horizon, is to equal or exceed a comparable benchmark composed of the Russell 3000 Index, the MSCI World ex USA Index, the MSCI Emerging Markets Index (net div) and the Barclays US Aggregate Bond Index. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. CAM has a policy of appropriating for distribution each year 4.5% of its endowment fund's average fair value of the prior 12 quarters through April 30th preceding the fiscal year in which the distribution is planned. CAM has requirements and expectations for periodic withdrawals for special projects in addition to the annual appropriation. Approval of the Finance/Investment Committee and Executive Committee is required for such withdrawals. In establishing this policy, CAM considered the long-term expected return on its investment assets, the nature and duration of the endowment funds, some of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. CAM expects the current spending policy to allow its endowment funds to grow. This is consistent with CAM's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

K. ENDOWMENT *(Continued)*

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Net Assets
Donor-restricted perpetual endowment funds	$ -	$10,224,020	$10,224,020
Board designated endowment funds	3,791,427	-	3,791,427
Total Funds	$3,791,427	$10,224,020	$14,015,447

Changes in endowment net assets as of June 30, 2019 are as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Net Assets
Endowment net assets, beginning of year	$3,091,526	$10,567,876	$13,659,402
Contributions	624,300	534,512	1,158,812
Investment income	51,035	294,278	345,313
Net depreciation	(77,461)	(258,619)	(336,080)
Investment management fees	(4,528)	(20,472)	(25,000)
Create: The CAMpaign receipts	528,555	(528,555)	-
Amounts appropriated for operations	(422,000)	(365,000)	(787,000)
Endowment net assets, end of year	$3,791,427	$10,224,020	$14,015,447

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Net Assets
Donor-restricted perpetual endowment funds	$ -	$10,567,876	$10,567,876
Board designated endowment funds	3,091,526	-	3,091,526
Total Funds	$3,091,526	$10,567,876	$13,659,402

K. ENDOWMENT *(Continued)*

Changes in endowment net assets as of June 30, 2018 are as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Net Assets
Endowment net assets, beginning of year	$2,509,894	$10,255,217	$12,765,111
Contributions	58,703	431,208	489,911
Investment income	50,789	286,735	337,524
Net appreciation	64,532	341,324	405,856
Investment management fees	(4,793)	(20,207)	(25,000)
Create: The CAMpaign receipts	412,401	(412,401)	-
Amounts appropriated for operations	-	(314,000)	(314,000)
Endowment net assets, end of year	$3,091,526	$10,567,876	$13,659,402

The Board of Directors has approved amounts to be borrowed from the Board Designated Endowment to be used for program operations. These borrowings have allowed CAM to expand programs to serve larger audiences and provide exhibitions that are the most provocative, insightful, and relevant contemporary art from around the world.

During the years ended June 30, 2019 and 2018 the Board Designated Endowment loaned $100,000 and $325,000, respectively for program operations and was owed $1,740,755 and $1,640,755, respectively. While the Board has not identified a timetable to repay the Board Designated Endowment, the expectation is that the repayment will be completed as operating funds become available.

L. IN-KIND DONATIONS

CAM received in-kind donations of stocks, goods, and a variety of professional services during 2019 and 2018. The fair market value of donated stock has been recorded as individual contributions in the statements of activities.

During the years ended June 30, 2019 and 2018, many artists contributed their works of art to be auctioned under agreements to receive portions of the sale price generally ranging from zero to 60%. Sales of the donated art totaled $198,400 and $35,400 for the years ended June 30, 2019 and 2018, respectively. Amounts paid to artists during 2019 and 2018 totaled $98,627 and $17,500, respectively.

The fair market value of donated goods and professional services has been reflected as both revenue and expense in the accompanying statements of activities. Total revenue and expense for these goods and services totaled $7,825 and $16,937 during the years ended June 30, 2019 and 2018, respectively.

M. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

CAM regularly monitors liquidity required to meet its operating needs and other contractual commitments. CAM receives contributions restricted by donors, and considers contributions restricted for programs, which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. CAM maintains financial assets, consisting of cash, various receivables and investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. As part of its liquidity management, CAM invests cash in excess of daily requirements in various investments. In addition, CAM maintains a board-designated endowment that allows for annual spending of income and appreciation generated from donor-restricted perpetual endowment funds.

CAM's financial assets available within one year of the statement of financial position date for general expenditures are as follows for June 30:

	2019	2018
Cash and cash equivalents	$ 568,779	$ 857,867
Pledges and other receivables, net of discount	2,339,169	1,844,447
Investments	10,813,445	10,045,938
Total financial assets	13,721,393	12,748,252
Less amounts not available to be used within one year:		
Board designated for endowment, net	2,050,672	1,450,771
Donor-restricted perpetual endowment	8,130,742	8,118,352
Donor-restricted for time and purpose	2,317,967	2,464,529
Total financial assets not available to be used within one year	12,499,381	12,033,652
Financial assets available to meet cash needs for general expenditures within one year	$ 1,222,012	$ 714,600

As more fully described in Note H, CAM also has a committed line of credit in the amount of $600,000, which it could draw upon in the event of an unanticipated liquidity need.

In addition, although CAM does not intend to spend from its board-designated endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its board designated-endowment could be made available if necessary.

N. OTHER INCOME

Other income includes rental income, beverage sales, café income, gift shop income, and advertising revenue. These revenues are presented net of costs of goods sold and other costs including material, food, and beverage costs, allocated salaries, and licenses.

O. Create: The CAMpaign

During the year ended June 30, 2016, CAM began the Create: The CAMpaign to increase CAM's endowment by $10 million dollars by 2020. CAM received contributions totaling $1,158,800 and $332,000 during the years ended June 30, 2019 and 2018, respectively. An initial contribution of $5,000,000 was received in fiscal year 2016 and restricted to the perpetual endowment by the donor. All other contributions are designated to the board designated endowment