Oakland Museum of California

Consolidated Financial Statements

June 30, 2021
(With Comparative Totals for 2020)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Oakland Museum of California
Oakland, California

We have audited the accompanying consolidated financial statements of Oakland Museum of California (a California nonprofit corporation) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Oakland Museum of California as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the consolidated financial statements, Organization has adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to that matter.

Emphasis of Matter

As described in Note 17 to the consolidated financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited Oakland Museum of California's 2020 consolidated financial statements, and our report dated November 10, 2020 expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Armanino LLP

Armanino[LLP]
San Ramon, California

December 8, 2021

Oakland Museum of California
Consolidated Statement of Financial Position
June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,104,333	$ 4,074,261
Restricted cash - New Market Tax Credits ("NMTC")	2,772,094	12,233,723
Accounts receivable and other assets	1,069,194	361,003
Contributions receivable, current portion, net	1,809,503	3,808,181
Employee retention tax credit receivable	1,577,771	-
Inventory	85,997	97,669
Total current assets	11,418,892	20,574,837
Noncurrent assets		
Investments	57,605,831	41,512,973
Contributions receivable, net	1,015,687	4,623,700
Charitable remainder trust	872,280	692,773
Pooled income fund	44,307	60,815
Life estate remainder agreement	1,625,615	1,385,000
Notes receivable - NMTC	9,577,400	9,577,400
Property and equipment, net	16,541,346	6,827,399
Total noncurrent assets	87,282,466	64,680,060
Total assets	$ 98,701,358	$ 85,254,897
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 673,067	$ 1,433,568
Accrued liabilities	2,129,971	1,341,894
Current portion of note payable	-	4,500,000
Total current liabilities	2,803,038	7,275,462
Long-term liabilities		
Note payable, net of current portion and debt issuance costs	-	340,189
Notes payable - NMTC, net of debt issuance costs	13,183,939	13,150,861
Total long-term liabilities	13,183,939	13,491,050
Total liabilities	15,986,977	20,766,512
Net assets		
Without donor restrictions		
Undesignated	14,808,908	1,756,011
Board-designated funds	29,225,526	20,124,796
Total without donor restrictions	44,034,434	21,880,807
With donor restrictions	38,679,947	42,607,578
Total net assets	82,714,381	64,488,385
Total liabilities and net assets	$ 98,701,358	$ 85,254,897

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

Oakland Museum of California
Consolidated Statement of Activities
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues, gains and other support				
Gross profit (loss) on concession sales				
Concession sales	$ 77,547	$ -	$ 77,547	$ 470,082
Cost of concession sales	(259,848)	-	(259,848)	(498,229)
Total gross profit (loss) on concession sales	(182,301)	-	(182,301)	(28,147)
Contributions, grants and bequests	9,091,072	3,978,747	13,069,819	14,200,986
Conditional grant revenue (Paycheck Protection Program)	-	-	-	1,560,000
Employee retention tax credit	1,577,771	-	1,577,771	-
Contract revenue - City of Oakland	3,000,000	-	3,000,000	3,200,000
Membership dues	549,057	-	549,057	879,605
Interest and dividend income	776,082	558,434	1,334,516	1,442,243
Realized and unrealized investment gains (losses), net of investment fees	6,106,684	5,025,864	11,132,548	(2,920,366)
Exhibition rental, admission and education fees	25,563	-	25,563	1,798,344
Tax revenues	2,362,087	-	2,362,087	675,165
Miscellaneous	6,604	-	6,604	195,650
Net assets released from restriction	13,490,676	(13,490,676)	-	-
Total revenues, gains and other support	36,803,295	(3,927,631)	32,875,664	21,003,480
Functional expenses				
Program services				
Exhibitions and programs	8,695,790	-	8,695,790	10,149,801
Admission and facility rentals	588,560	-	588,560	642,860
Total program services	9,284,350	-	9,284,350	10,792,661
Support services				
General and administration	2,906,147	-	2,906,147	4,456,228
Marketing and communications	1,109,694	-	1,109,694	2,220,683
Fundraising	1,349,477	-	1,349,477	1,746,041
Total support services	5,365,318	-	5,365,318	8,422,952
Total functional expenses	14,649,668	-	14,649,668	19,215,613
Change in net assets	22,153,627	(3,927,631)	18,225,996	1,787,867
Net assets, beginning of year	21,880,807	42,607,578	64,488,385	62,700,518
Net assets, end of year	$ 44,034,434	$ 38,679,947	$ 82,714,381	$ 64,488,385

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

Oakland Museum of California
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021

	Exhibitions and Programs	Admission and Facility Rentals	Total Program Services	General and Administration	Marketing and Communications	Fundraising	Total Support Services	2021 Total	2020 Total
Personnel expenses									
Salaries and wages	$ 3,851,343	$ 296,352	$ 4,147,695	$ 1,876,810	$ 448,253	$ 791,527	$ 3,116,590	$ 7,264,285	$ 8,178,431
Benefits and payroll taxes	986,785	88,852	1,075,637	534,596	115,124	212,445	862,165	1,937,802	1,852,367
Total personnel expenses	4,838,128	385,204	5,223,332	2,411,406	563,377	1,003,972	3,978,755	9,202,087	10,030,798
Contract services	-	-	-	1,811,451	96,879	39,327	1,947,657	1,947,657	2,268,208
Acquisitions	(39,750)	-	(39,750)	-	-	-	-	(39,750)	43,051
Exhibitions	284,675	-	284,675	1,342	2,100	(71)	3,371	288,046	399,374
Professional services	146,094	-	146,094	725,111	30,825	35,804	791,740	937,834	1,172,207
Hospitality and catering	762	88	850	752	253	350	1,355	2,205	186,645
Occupancy and renovations	36,524	-	36,524	488,736	-	-	488,736	525,260	681,833
Advertising and promotion	526	1,352	1,878	5,871	135,806	30,556	172,233	174,111	567,147
Information technology	34,609	200	34,809	512,633	1,231	2,855	516,719	551,528	495,883
Office expenses	36,247	8,232	44,479	123,288	16	56,128	179,432	223,911	458,600
Equipment rental and maintenance	184	-	184	94,580	-	-	94,580	94,764	199,533
Dues, education, training and travel	6,547	399	6,946	41,623	12,930	558	55,111	62,057	195,689
Taxes	-	-	-	109,065	-	-	109,065	109,065	1,581,980
Depreciation	34,027	-	34,027	134,186	-	-	134,186	168,213	106,998
Contributed services	-	-	-	-	210,240	44,016	254,256	254,256	810,537
Other	148,413	-	148,413	11	-	-	11	148,424	17,130
Facilities and technology allocation	3,168,804	193,085	3,361,889	(3,553,908)	56,037	135,982	(3,361,889)	-	-
	$ 8,695,790	$ 588,560	$ 9,284,350	$ 2,906,147	$ 1,109,694	$ 1,349,477	$ 5,365,318	$ 14,649,668	$ 19,215,613

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

Oakland Museum of California
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 18,225,996	$ 1,787,867
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	168,213	106,998
Realized and unrealized investment (gains) losses, net	(11,132,548)	2,920,366
Contributions restricted for long-term purposes	(623,040)	(5,224,554)
Change in life estate remainder agreement	(240,615)	(185,000)
Change in charitable remainder trust and pooled income fund	(162,999)	(61,064)
Amortization of debt issuance costs	92,889	15,062
Changes in operating assets and liabilities		
Accounts receivable and other assets	(708,191)	453,180
Contributions receivable, net	236,691	7,005,822
Employee retention tax credit receivable	(1,577,771)	-
Inventory	11,672	(1,274)
Accounts payable	(1,778,951)	(582,706)
Accrued liabilities	788,077	132,585
Net cash provided by operating activities	3,299,423	6,367,282
Cash flows from investing activities		
Issuance of notes receivable - NMTC	-	(9,577,400)
Purchases of property and equipment	(8,863,710)	(2,969,097)
Purchases of investments	(30,640,656)	(32,496,100)
Proceeds from sale of investments	25,680,346	29,680,861
Net cash used in investing activities	(13,824,020)	(15,361,736)
Cash flows from financing activities		
Borrowings on note payable, net of issuance costs	-	5,336,202
Principal payments on note payable	(4,900,000)	(500,000)
Borrowings on notes payable - NMTC, net of issuance costs	-	13,139,786
Payments received on contributions restricted for long-term purposes	5,993,040	5,224,554
Net cash provided by financing activities	1,093,040	23,200,542
Net increase (decrease) in cash, cash equivalents and restricted cash	(9,431,557)	14,206,088
Cash, cash equivalents and restricted cash, beginning of year	16,307,984	2,101,896
Cash, cash equivalents and restricted cash, end of year	$ 6,876,427	$ 16,307,984

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

Oakland Museum of California
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	$ 4,104,333	$ 4,074,261
Restricted cash - New Market Tax Credits ("NMTC")	2,772,094	12,233,723
	$ 6,876,427	$ 16,307,984

Supplemental disclosures of cash flow information

	2021	2020
Cash paid during the year for		
Interest	$ 267,908	$ 13,950
Income taxes	$ -	$ 5,272

Supplemental schedule of noncash investing and financing activities

	2021	2020
Construction-in-progress and property and equipment included in accounts payable and accrued expenses	$ 1,018,450	$ 1,271,141

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

1. NATURE OF OPERATIONS

Organization

Oakland Museum of California ("OMCA"), a nonprofit Corporation, was formed on May 19, 2011 to provide services and support to The Oakland Museum (the "Museum"). Its activities include raising funds to support the Museum's exhibitions and programs, sponsorship of groups dedicated to museum related cultural and educational activities and participation in the management of Museum operations.

The predecessor organization to OMCA, the Oakland Museum of California Foundation (the "Foundation"), was organized on May 4, 1989 to provide services and support to the Museum. On July 1, 2012, all assets, liabilities, contracts and operations of the Foundation were transferred and assumed by OMCA, with OMCA becoming the successor entity.

As a result of the COVID-19 pandemic, OMCA had to close the Museum's exhibitions and programs to visitors effective with the shelter-in-place orders beginning in March 2020. The Museum remained closed to visitors until officially reopening on June 18, 2021. The closing of the Museum caused a material decline in the Organization's exhibition rental, admission and education fee revenue as well as concession sales. See Note 17.

Principles of consolidation

In May 2020, OMCA established OMCA Town Square, Inc. ("Town Square") as a not-for-profit organization for the purpose of obtaining funding through the New Market Tax Credit ("NMTC") program, a program of the Community Development Financial Institutions Fund, a division of the Department of Treasury, and maintains all operations of Town Square's new facility renovations. See Note 10.

The consolidated financial statements include the accounts of OMCA and Town Square, collectively the "Organization". All inter-entity transactions and balances have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The Organization reflects its activities into the following classes of net assets:

- *Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. This category includes net assets designated by the Board of Trustees that require board approval prior to expenditure; approved uses of board-designated funds may include normal operations, special projects and investments in property and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. Net assets with donor restrictions also include the portion of donor-restricted endowment funds and accumulated earnings that are restricted for the passage of time, until such funds are appropriated for expenditure by the Organization, in addition to donor-restricted endowment funds to be held in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed stipulations, either for a specific purpose, passage of time or assets to be held in perpetuity. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of purpose or time imposed restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as a reclassification to net assets without donor restrictions.

Change in accounting principle

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenues from Contracts with Customers (Topic 606). The standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. In effect, entities are required to exercise further judgment and make more estimates prospectively. This may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. The Organization adopted ASU 2014-09 with a date of the initial application of July 1, 2020. The adoption of ASU 2014-09 did not have a significant impact on the Organization's financial position, result of operations, or cash flows.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers cash in money market accounts and all highly-liquid instruments with original maturities of three months or less, to be cash equivalents. The Organization places its cash and temporary cash investments with high credit quality institutions. Periodically, such investments may be in excess of federally insured limits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted cash

Restricted cash includes cash and cash equivalents held with financial institutions for future construction and reimbursements to lenders for asset management fees and administrative expenses associated with the New Market Tax Credit program.

Inventory

Inventory of gift shop items is valued at the lower of cost or net realizable value, including an allowance for damaged and obsolete gift shop inventory in the amount of $1,462 as of June 30, 2021. Cost is determined using the first-in-first-out ("FIFO") method.

Investments

Investments are recorded at fair value as determined primarily by quoted market prices in active markets. Investment income and realized and unrealized gains (losses) on investments are reported as follows:

- as increases (decreases) in net assets with donor restrictions if the terms of the gift require that they be added to the principal of the fund to be held in perpetuity or if the terms of the gift impose restrictions on the use of income; and
- as increases (decreases) in net assets without donor restrictions in all other cases.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the Organization's account balances and the amounts reported in the consolidated statement of financial position.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

The following methods and assumptions were used to estimate the fair value of financial instruments recorded on a recurring basis:

- *Investments (Level 1)* - Securities traded on security exchanges are valued at closing market prices, or net asset value for mutual funds, on the date of business closest to June 30.
- *Split-interest agreements (Level 2)* - Charitable remainder trust and pooled income fund assets are valued at closing market prices, or net asset value for mutual funds, net of the present value of an estimated investment return and the expected payments to the beneficiaries.
- *Life Estate Remainder Agreement (Level 3)* - The life estate remainder agreement is valued based on the most recent property appraisal, changes in real estate market values and sales of comparable properties.

Investments in limited partnerships are reported at net asset value based on valuations provided by the general partner or fund managers.

Property and equipment

Property and equipment purchased by the Organization are recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the respective assets, which range from 3 to 40 years. The Organization capitalizes all property and equipment that has a minimum cost of $5,000 and an estimated useful life beyond one year. The permanent collection of works of art, the land, and buildings of the Organization belong to the City of Oakland, except for one building which belongs to the Organization. Accordingly, such assets were previously not capitalized or depreciated in these consolidated financial statements. During the year ended June 30, 2020, the Organization began to capitalize certain building improvements as well as construction costs as the costs are being funded from the Organization's donors, the assets are integral to operations and the Organization has free use of the facilities for its charitable purposes. As a result, capitalization was deemed to be a more accurate reflection of the substance of these transactions. In August 2019, the lease agreement between the City of Oakland and the Organization was amended, allowing the Organization to pursue the implementation of capital improvements (see Note 15). Beginning in 2020 and continuing in 2021, Town Square capitalized construction costs financed through the NMTC.

Long-lived assets

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the Organization, using its best estimates and projections, reviews for impairment the carrying value of long-lived identifiable assets to be held and used in the future. The Organization will record impairment losses when determined. There was no impairment loss recognized for the year ended June 30, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until conditions have been substantially met and they become unconditional; that is when the related barrier has been overcome and right of release/right of return no longer exists. Contributions of assets other than cash are recorded at their estimated fair value. Contributions that are not expected to be collected until after year-end are considered contributions receivable. Contributions receivable with due dates extending beyond one year are recorded at the present value of their estimated future cash flows. The discount on these amounts is computed using risk adjusted market interest rates applicable to the years in which the promises are received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is established based upon management's judgment including such factors as prior collection history, aging statistics of contributions and the nature of the receivable. At June 30, 2021, the allowance for uncollectible contributions was $178,304.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue within net assets with donor restrictions, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions. Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenue of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are reported as revenue within the net assets with donor restrictions class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

A portion of the Organization’s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization has elected a simultaneous release option to account for these grants and thus are recorded as revenue without donor restriction upon satisfaction of the barriers. In June 2021, the Organization received a Shuttered Venue Operators Grant from the U.S. Small Business Administration in the amount of $1,865,205 which was funded subsequent to year end in July 2021. During the year ended June 30, 2021, the Organization recognized $481,415 in revenue under the grant based on the incurrence of allowable qualifying expenses and is recorded as part of contributions receivable in the accompanying consolidated statement of financial position. The remaining grant amount of $1,383,790 has not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind contributions and contributed services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. Contributed services are reflected in the consolidated financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions and contributed services received during 2021, which were primarily comprised of advertising and marketing services, totaled $254,256 and are included as a component of contributions, grants and bequests on the consolidated statement of activities.

A substantial number of unpaid volunteers typically make significant contributions of their time to support the Organization's programs. The value of this contributed time, while important to the Organization, is not reflected in the accompanying consolidated financial statements as these services do not meet the recognition criteria. Due to the museum being closed during the year, there were no unpaid volunteers during 2021.

Revenue recognition

The Organization recognizes revenue from exhibition rentals, ticket sales and education fees at the time of rental or admission or when the education services are provided. Membership dues, which are nonrefundable, represent an exchange element based on the value of benefits provided, and are to be recognized over the membership period. Revenues from concession sales are recognized as the goods are delivered to the buyer.

Tax revenues

Tax revenues represent amounts allocated to the Organization from the City of Oakland's Transient Occupancy Tax. In 2021, tax revenues also include $2,000,000 in tax revenues from the City of Oakland Bond Measure KK, which was utilized to help fund the Museum renovations.

Functional allocation of expenses

Costs of providing the Organization's programs and other activities have been accumulated into separate groupings as either direct or indirect costs. Indirect or shared costs are allocated to the programs and supporting services by a method that measures the relative degree of benefit, primarily by relative square footage of facilities in which the Organization's operations are conducted and by full-time equivalent that uses the Organization's technology infrastructure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Organization has obtained determination letters from the Internal Revenue Service and the California Franchise Tax Board indicating qualification under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Tax Code. Accordingly, the primary operations of the Organization are currently considered exempt from federal income and state franchise taxes.

The Organization has evaluated its current tax positions and has concluded that as of June 30, 2021, it does not have any uncertain tax positions for which a reserve would be necessary. The Organization files U.S. federal, and U.S. state returns. For U.S. state returns, the Organization is generally no longer subject to tax examinations for years prior to 2017. For U.S. federal returns, the Organization is generally no longer subject to tax examination for years prior to 2018.

Use of estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Uses of estimates include, but are not limited to, depreciation and the estimated useful lives of property and equipment, investment fair values, the recorded value of beneficial interests, the determination of the allowance for uncollectible receivables, and the functional allocation of operating expenses.

Comparative totals

The consolidated financial statements include certain 2020 summarized 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 Organization's consolidated financial statements as of, and for the year ended, June 30, 2020, from which it was derived.

3. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give expected to be collected after one year are recorded using risk-adjusted market rates in the year of contribution, ranging from 0.6% to 3.4%.

3. CONTRIBUTIONS RECEIVABLE (continued)

Contributions receivable consisted of the following:

Receivable in less than one year	$ 1,987,807
Receivable in one to five years	1,054,750
	3,042,557
Less discounts to net present value	(39,063)
Less: allowance for doubtful accounts	(178,304)
	$ 2,825,190

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Building, building improvements and site improvements	$ 17,252,499
Furniture, fixtures and equipment	1,569,613
Construction-in-progress	511,827
	19,333,939
Accumulated depreciation	(2,792,593)
	$ 16,541,346

Depreciation expense for the year ended June 30, 2021, was $168,213.

In February 2020, the Organization broke ground on an improvement and renovation project on the Museum which includes Americans with Disabilities Act ("ADA") improvements and greater general accessibility to the property, improved water efficiency measures, replanting of the gardens, improvements to the Museum cafe, and a stronger connection to the Museum neighborhood. The Museum improvement and renovation project was completed in June 2021 and financed through donor contributions and NMTC financing. See Note 10.

5. INVESTMENTS

Investments consisted of the following:

Money market funds	$ 96,536
Equity funds	28,530,893
Bond mutual funds	16,195,997
Common stock	194,616
Exchange traded funds	11,261,624
Limited partnerships	1,106,951
Real estate mutual funds	198,882
Other mutual funds	20,332
	$ 57,605,831

5. INVESTMENTS (continued)

As of June 30, 2021, capital commitments related to limited partnerships were $1,600,000, of which $526,966 was contributed. Remaining capital contributions to be called were $1,073,034 as of June 30, 2021.

6. FAIR VALUE DISCLOSURES

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	$ 96,536	$ -	$ -	$ 96,536
Equity mutual funds	28,530,893	-	-	28,530,893
Bond mutual funds	16,195,997	-	-	16,195,997
Common stock	194,616	-	-	194,616
Exchange traded funds	11,261,624	-	-	11,261,624
Real estate mutual funds	198,882	-	-	198,882
Other mutual funds	20,332	-	-	20,332
Total investments	56,498,880	-	-	56,498,880
Charitable remainder trust	-	872,280	-	872,280
Pooled income fund	-	44,307	-	44,307
Life estate remainder agreement	-	-	1,625,615	1,625,615
	$ 56,498,880	$ 916,587	$ 1,625,615	59,041,082
Investments in limited partnerships measured at net asset value				1,106,951
				$ 60,148,033

The Organization uses the net asset value ("NAV") to determine the fair value of all the underlying investments that (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

6. FAIR VALUE DISCLOSURES (continued)

The following table lists the Organization's investments in limited partnerships measured at NAV, by investment strategy, as of June 30, 2021:

Product	NAV in Funds	# of Funds	Remaining Life	Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions
Real Estate	$ 689,986	1	N/A	$ 0	N/A	Discretion of Fund Manager	Discretion of Fund Manager
Private Equity	$ 416,965	3	N/A	$ 1,073,034	N/A	Discretion of Fund Manager	Discretion of Fund Manager

7. CHARITABLE REMAINDER TRUST AND POOLED INCOME FUND

The Organization is a beneficiary of a charitable remainder trust and a pooled income fund. Irrevocable split-interest agreements for the benefit of the Organization are recognized as contributions when they are notified. As the Organization is not named as the trustee, the assets are recognized at their fair values, net of the present value of an estimated investment return and the expected payments to the beneficiaries. The net present value of investment returns and expected payments to beneficiaries are calculated annually using the applicable market rate (1.2% at June 30, 2021), and the Internal Revenue Code's mortality table. Changes in the estimated investment values during the term of the agreement are reported on the consolidated statement of activities. Upon the deaths of the donors, the Organization will receive all of the principal and income of the trusts or funds, to be used for the general charitable purposes of the Organization. The recorded balances for the charitable remainder trust and pooled income fund were $872,280 and $44,307, respectively, at June 30, 2021.

8. TRUST

The Organization is a 50% beneficiary under a trust agreement. The Organization's interest had a fair value of $338,738 as of June 30, 2021, and is included in net assets with donor restrictions, to be held in perpetuity. The Organization's interest in 50% of the income of the trust is for the general operations and purposes of the Organization and is reflected as income without donor restrictions. The Organization has no control or influence over investment decisions of the trust. Therefore, losses of the trust decrease the corpus and are reflected through the net assets with donor restrictions. The Organization's portion of the assets of the trust is included in investments in the accompanying consolidated financial statements.

9. NOTE PAYABLE

In May 2020, the Organization entered into a loan agreement with First Republic Bank in the amount of $5,400,000 to finance a portion of the cost of renovations and improvements to the Organization facilities. The loan bears interest at a rate of 3.00% per annum and is secured by the revenues and assets of the Organization. The loan had a maturity date of May 15, 2022, with interest payments becoming due monthly commencing June 15, 2020. The outstanding balance on the note was paid in full during 2021 with principal payments of $2,500,000 and $2,400,000 being made on November 2, 2020 and May 3, 2021, respectively.

9. NOTE PAYABLE (continued)

The Organization recorded debt issuance costs associated with the note payable in the amount of $63,798. Amortization of debt issuance costs for the year ended June 30, 2021 totaled $59,811. Interest expense on the note payable totaled $86,542 for the year ended June 30, 2021.

10. NEW MARKET TAX CREDITS

In May 2020, the Organization arranged NMTC financing as funding for the renovation of its gardens, café, and entrances. NMTC is a program of the Community Development Financial Institutions Fund ("CDFI"), a division of the U.S. Department of the Treasury. Under the NMTC program, banks and other qualifying institutions make "qualified equity investments" in Community Development Entities ("CDEs") that have been certified and granted allocations by the CDFI of federal income tax credits. The funds provided by these investors are used as means of providing favorable debt or equity financing to qualified borrowers in connection with qualifying projects located in low-income communities.

The NMTC transaction was entered into between Town Square as the borrower and the following CDEs as the lenders: COCRF SubCDE 96, LLC, a Delaware limited liability company ("COCRF CDE") and ORNMTC Two LLC, a California limited liability company ("ORNMTC CDE"). Each of the lenders has received a suballocation of New Markets Tax Credits under Section 45D of the Internal Revenue Code of 1986 (the "Code") and each loan constitutes a Qualified Low-Income Community Investment eligible to receive the benefits of the New Markets Tax Credit Program. The loans are secured by the renovations to the property at 1000 Oak Street in Oakland, California. Town Square used the proceeds from the NMTC loans to finance certain costs related to the construction and development of the renovation project. The development, ownership and operation of Town Square is expected to constitute a "qualified active low-income community business" also known as a "QALICB", in accordance with Section 45D(d)(2)(A) of the Code and Treasury Regulations Section 1.45D-1(d)(4)(i). Town Square utilized a portion of the funds received from the NMTC financing to acquire the existing construction in progress of the renovation projection from OMCA. The balance of the funds were used to continue the renovation project.

As part of the NMTC transaction, Town Square utilized the funds received from a First Republic Bank bridge loan in the amount of $5,400,000 (see Note 9) and from donor contributions to make a leveraged loan to COCRF Investor 174, LLC, a Delaware limited liability company (the "COCRF Investment Fund"), in the amount of $9,577,400. The loan calls for interest only payments through May 2027 at an interest rate of 1.00%. Principal payments are scheduled to begin in June 2027. The loan matures in September 2041. The aggregate amount of the note receivable amounted to $9,577,400 at June 30, 2021.

In connection with the NMTC financing, Capital One, N.A., a North Carolina corporation ("Investor") made a tax credit equity investment to the COCRF Investment Fund in the amount of $14,000,000 (the "CONA NMTC Equity").

10. NEW MARKET TAX CREDITS (continued)

In turn, the COCRF Investment Fund made the following "qualified equity investments": (i) into the COCRF CDE in the aggregate amount of $2,000,000, and (ii) into the ORNMTC CDE in the aggregate amount of $12,000,000. The QEI will entitle the Investor to claim federal new markets tax credits in the aggregate amount of $5,460,000.

Pursuant to the terms of the NMTC agreement, (a) COCRF CDE utilized the proceeds of the COCRF Investment Fund QEI to make the following two loans to the Town Square QALICB: (i) a loan in the principal amount of $1,368,200 (the "COCRF QLICI A2"); and (ii) a loan in the principal amount of $631,800 (the "COCRF QLICI B2"); and (b) ORMNTC CDE utilized the proceeds of the COCRF Investment Fund QEI to make the following two loans to the Town Square QALICB: (i) a loan in the principal amount of $8,209,200 (the "ORNMTC QLICI A1"); and (ii) a loan in the principal amount of $3,550,800 (the "ORNMTC QLICI B1"). The COCRF QLICI A2, COCRF QLICI B2, ORNMTC QLICI A1, and ORNMTC QLICI B1 are herein collectively referred to as the "NMTC Loans."

The NMTC Loans call for interest only payments through May 2027. Subsequent to the interest only period, interest and principal are due through the maturity date of May 2045. All of the NMTC Loans accrue interest at 1.1405%. The outstanding amount on the NMTC Loans amounted to $13,760,000 at June 30, 2021. Total debt issuance costs recorded with the NMTC Loans amounted to $620,214 and totaled $576,061 as of June 30, 2021. Amortization of debt issuance costs for the year ended June 30, 2021 totaled $33,078. Interest expense on the note payable totaled $156,933 for the year ended June 30, 2021.

At June 30, 2021, Town Square was in compliance with certain financial covenants required by the NMTC Loans.

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Restricted for a specific purpose	
All In: Campaign for OMCA - facility improvements	$ 4,536,238
Art acquisitions, school programs and other miscellaneous exhibitions	6,254,985
	10,791,223
Restricted for the passage of time	
All In: Campaign for OMCA - passage of time	2,017,552
Time restricted endowments	5,090,405
Accumulated endowment earnings subject to OMCA's spending policy	6,596,294
	13,704,251
To be held in perpetuity	
Art acquisition, education, collection management and exhibitions	9,218,529
All In: Campaign for OMCA - Endowment	3,340,329
Life estate remainder agreement	1,625,615
	14,184,473
	$ 38,679,947

In 2016, the Organization started the first phase of a five-year comprehensive fundraising campaign, the All In: Campaign for OMCA, for support of the Organization's endowment funds, facility enhancements, capital reserves, programmatic investments and annual giving. The campaign met its fundraising goal in 2021.

Net assets with donor restrictions in the amount of $13,490,676 were released from restriction during the year ended June 30, 2021, as the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

12. BOARD-DESIGNATED NET ASSETS

The Board of Trustees has designated funds as an endowment, intended for long-term investment and operating reserves, to help ensure the long-term financial stability of the Organization.

Board-designated endowment funds consisted of the following:

All In: Campaign for OMCA - discretionary funds	$ 18,131,710
Accumulated board-designated endowment earnings	6,427,877
All other board-designated endowment funds	4,665,939
	$ 29,225,526

12. BOARD-DESIGNATED NET ASSETS (continued)

All discretionary funds received through the All In: Campaign for OMCA are designated by the Board of Trustees for endowment. During 2021, upon meeting the passage of time restriction on prior year net assets with donor restrictions, the Organization transferred $1,631,601 of the net assets released from restriction to board-designated net assets. These funds are included in the All In: Campaign for OMCA - discretionary funds.

13. ENDOWMENT

The Organization's endowment consists of individual funds primarily established for exhibitions, programs and acquisitions. Its endowments include both board-designated and donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Organization has interpreted the California enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Trustees. The remaining portion of the donor-restricted endowment fund that is not restricted in perpetuity is restricted for the passage of time, subject to the Organization's spending policy, until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Board of Trustees considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the Organization and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income or loss and the appreciation or depreciation of investments

(6) Other resources of the Organization

(7) The investment policies of the Organization

13. ENDOWMENT (continued)

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to preserve capital, maximize long-term total return and follow the donor's instructions.

Spending policy

The Organization has a policy of appropriating for distribution each year a percentage determined by the Board of Trustees' Finance Committee that is not to exceed 5% of the trailing 12-quarter average market value ending on March 31st of each year. For the fiscal year 2021, the Board of Trustees' Finance Committee determined a distribution percentage of 5% which was based on the prior twelve quarter's investment average. In addition to the amount appropriated for distribution, the Organization's Board of Trustees' allows for a principal draw from its board-designated endowment funds.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization 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).

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 19,274,878	$ 6,596,294	$ 25,871,172	$ 25,871,172
Board-designated endowment funds	29,225,526	-	-	-	29,225,526
	$ 29,225,526	$ 19,274,878	$ 6,596,294	$ 25,871,172	$ 55,096,698

13. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2021 is as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	Total
Balance, June 30, 2020	$ 20,124,796	$ 18,651,838	$ 2,054,340	$ 20,706,178	$ 40,830,974
Investment return					
Investment income	680,308	-	558,434	558,434	1,238,742
Net appreciation (realized and unrealized)	6,123,191	-	5,025,864	5,025,864	11,149,055
Total investment return	6,803,499	-	5,584,298	5,584,298	12,387,797
Contributions	1,944,448	623,040	-	623,040	2,567,488
Transfers	1,631,601	-	-	-	1,631,601
Principal draw	(178,888)	-	-	-	(178,888)
Appropriation of endowment assets for expenditure	(1,099,930)	-	(1,042,344)	(1,042,344)	(2,142,274)
	9,100,730	623,040	4,541,954	5,164,994	14,265,724
Balance, June 30, 2021	$ 29,225,526	$ 19,274,878	$ 6,596,294	$ 25,871,172	$ 55,096,698

Donor-restricted endowment funds include original gift amounts of $5,090,405 restricted for the passage of time and $14,184,473 to be held in perpetuity.

Funds with deficiencies

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 UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such material deficiencies as of June 30, 2021.

14. EMPLOYEE RETENTION TAX CREDIT

The Employee Retention Tax Credit ("ERC"), a refundable tax credit against certain employment taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and was subsequently amended through additional legislation. The tax credit is equal to 50% of the qualified wages, up to $10,000 per employee, that an employer whose business has been financially impacted by COVID-19 pays to employees after March 12, 2020, and before January 1, 2022. The Organization determined it was eligible to apply for the ERC and calculated a total ERC of $1,577,771 for the wages paid during the period January 1, 2021 through June 30, 2021. As the ERC refund relates to salaries and wages paid during 2021 and as collection of the refund is considered probable, the Organization has recognized other income and a corresponding receivable for the calculated ERC as of and for the year ended June 30, 2021.

15. RELATED PARTY TRANSACTIONS

During 2021, the Organization received contributions of $1,600,750 from the Oakland Museum Women's Board, a separate 501(c)(3) organization, which supports the activities of the Museum. At June 30, 2021, there were no amounts included in contributions receivable from the Oakland Museum Women's Board. During 2021, the Organization received contributions of approximately $683,000 from members of the Organization's Board of Trustees and had approximately $171,000 of outstanding contributions receivable at June 30, 2021. One of the members of the Organization's Board of Trustees is an officer for a company who provides advertising and marketing services to the Organization. During 2021, the Organization paid the company $142,780 for direct expenses related to production and media placements and received contributions in-kind totaling $210,240.

Effective July 1, 2011, the Foundation entered into a major reorganization with the City of Oakland. As part of the reorganization the parties entered into an agreement ("Agreement") whereby the City provides funding to the Foundation for a period of ten years to support its continued care, conservation and display of the City's collection of art and artifacts housed at the Museum, as well as providing continued operational and program support for the Museum. In conjunction with the transfer of assets and liabilities from the Foundation to the Organization on July 1, 2012, the Organization assumed all of the rights and obligations under the Agreement with the City of Oakland.

The Organization's responsibility is to care for, conserve, display, steward, research and provide scholarly and interpretative expertise in support of the Museum's collections as well as carry out program activities, set charges and fees, oversee administrative services, undertake all marketing and fundraising activities, oversee operations, retain all revenues of the Museum store and garage and retain a percentage of revenues of the restaurant concession. Under the Agreement, the City paid the Organization $3,000,000 for all services performed during the year ended June 30, 2021. On July 20, 2021 the Organization exercised its option to renew the Agreement for a ten-year term, effective July 1, 2021, and providing for annual payments of $3,000,000 (see Note 21).

15. RELATED PARTY TRANSACTIONS (continued)

Effective July 1, 2012, the Organization also assumed the thirty-year lease agreement with the City for use of the Museum premises. The lease agreement calls for minimal rent per annum for use of the building in carrying out the terms of the Organization's obligations under the Agreement. The Organization is responsible for, among other items: janitorial and custodial services, security guard services, landscaping, security alarm and camera alarm systems, telephone system, internet, information technology and funding minor repairs costing less than $5,000 per occurrence. Repairs in excess of $5,000 but less than $50,000 per occurrence for City-owned facilities are the responsibility of the City. In addition, the Organization is responsible for mechanical, electrical and plumbing, doors, locks and key system, elevator, fire and life safety system, building lighting and reimbursing the City for gas and electric utility services. Effective August 16, 2019, OMCA amended its lease agreement with the City of Oakland, extending the lease term for an additional twenty years through June 30, 2061. In addition to extending the lease term, the amendment allowed OMCA to pursue fundraising to implement a $17 million capital improvement project (see Note 4).

16. CONCENTRATIONS OF CREDIT RISK

Approximately 52% of the net contributions receivable is comprised of amounts from three donors as of June 30, 2021. Approximately 31% of the total contributions, grants and bequest revenue is comprised of amounts from two donors for the year ended June 30, 2021.

17. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter-in-place orders, including California, where the Organization is headquartered. The mandates enforced by public health and governmental authorities to contain and combat the outbreak and spread of COVID-19, adversely affected workforces, economies, and financial markets globally. In response, the U.S. Government enacted the CARES Act and other legislation, which include significant provisions to provide relief and assistance to affected organizations. During the year ended June 30, 2021, the Organization recognized employee retention tax credits through the CARES Act (see Note 14) and received a Shuttered Venue Operators Grant from the U.S. Small Business Administration (see Note 2).

17. RISKS AND UNCERTAINTIES (continued)

Impacts to the Organization's operations included disruptions and restrictions on employees' ability to work, reductions in the hours of most employees, and the fluctuations in investment balances due to the effect of the pandemic on the financial markets. The Organization had to close the Museum's exhibitions and programs to visitors effective with the shelter-in-place orders in March 2020. The Museum remained closed to visitors until reopening on June 18, 2021. While the Museum was open to the public for approximately two weeks of the year, free admission was offered during the opening weeks through June 30, 2021. The closing of the Museum had a material financial impact to the Organization, with significant declines in the Organization's exhibition rental, admission and education fee revenue, membership dues, as well as concession sales. Because the Organization's operations have been directly impacted by these events, it is probable that this matter will continue to negatively impact the Organization in future years. Although OMCA is continuing to monitor and assess the effects of the COVID-19 pandemic on its operations, the ultimate financial impact and duration cannot be reasonably estimated at this time.

18. PENSION PLANS

The Organization employees are eligible immediately to participate in the Teachers Insurance and Annuity Association ("TIAA") or the College Retirement Equity Fund ("CREF"). TIAA is a non-profit, legal reserve life insurance and annuity company and CREF is a non-profit corporation companion to TIAA. These plans are defined contribution plans and benefits are funded by contributions from both the Organization and the participating employees. The Organization contributions are discretionary as determined by the Board of Trustees. All contributions are fully-vested when paid. The Organization's contributions for the year ended June 30, 2021, totaled $214,384.

19. COMMITMENTS AND CONTINGENCIES

The Organization receives grants and has contracts with various governmental agencies. Certain costs billed to these agencies are subject to audit by the applicable governmental agency. In the opinion of management any adjustments that may result from such audits are not expected to be material to the Organization's consolidated financial statements.

Operating leases

The Organization leases copiers under non-cancelable operating leases that expired in April 2020. The leases were automatically renewed on a month-to month basis thereafter. On February 23, 2021, the Organization terminated their lease and purchased the copiers. Total rent expense incurred by the Organization was $11,737 for the year ended June 30, 2021. There is no future minimum lease payments as of June 30, 2021.

19. COMMITMENTS AND CONTINGENCIES (continued)

Litigation

The Organization is a party to routine litigation arising in the ordinary course of business of which management believes they will ultimately prevail. It is not possible at this time to predict the probable outcomes or the extent of the Organization's liability, if any. It is the opinion of the Organization's management that any potential liability would be immaterial.

20. LIQUIDITY AND FUNDS AVAILABLE

The Organization has a liquidity policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Short-term operating funds are invested in mutual funds that can be readily liquidated to pay for operating needs.

Short-term contributions receivable consists of unconditional promises to give expected to be received within one year from June 30, 2021. Unrestricted short-term contributions receivable will be available to support general operations of the Organization. The Organization recently completed a comprehensive campaign to raise operating funds which will be available to fund general operations, to fund the Organization's endowment which is not available for general operations, and to fund the campus renovations plan which is not available for general operations until spent on the project.

Long-term investments include endowment funds consisting of donor-restricted endowments, funds for facilities renovations and board-designated funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. Board-designated funds are considered appropriated when approved by the Board of Trustees as part of a fiscal year budget. Accordingly, approximately $2,300,000 of appropriations from the board-designated endowment will be available within the next 12 months. In the event the need arises to utilize the unappropriated board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

The Organization had met the donor-restrictions on $5,117,889 of campus renovation-restricted campaign funds at June 30, 2021. No further appropriations from donor-restricted endowments were made available for operations as of June 30, 2021.

The Organization anticipates net assets with time and purpose restrictions of $1,381,404 (Note 11) at June 30, 2021 will be released within one year given the Organization's budgeted expenditures for these program-related contributions.

20. LIQUIDITY AND FUNDS AVAILABLE (continued)

The table below presents financial assets that are available within one year of June 30, 2021 to fund general expenditures and other obligations as they become due:

Financial assets	
Cash and cash equivalents	$ 4,104,333
Accounts receivable and other assets	1,069,194
Contributions receivable, net	2,825,190
Employee retention tax credit receivable	1,577,771
Investments	57,605,831
	67,182,319
Less: amounts unavailable for general expenditure within one year:	
Donor-imposed restrictions for a specified purpose	(6,254,985)
Donor-imposed restrictions for a specified time, greater than one year, less amounts appropriated and available for expenditure	(11,050,723)
Donor-imposed restrictions to be held in perpetuity	(12,558,858)
Board-designated net assets, less amounts appropriated for expenditures within one year	(26,925,526)
	(56,790,092)
	$ 10,392,227

21. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 8, 2021, the date the financial statements were available to be issued. No subsequent events, other than as described below, have occurred that would have a material impact on the presentation of the Organization's financial statements.

On July 20, 2021 the Organization exercised its option to renew its agreement with the city of Oakland, extending the term for an additional ten years effective July 1, 2021. Under the terms of the agreement, the Organization will receive annual payments of $3,000,000 through the agreement expiration on June 30, 2031.

On September 24, 2021, the Organization received approval of a Supplement Shuttered Venue Operators Grant from the U.S. Small Business Administration in the amount of $932,603 to be expended by June 30, 2022. The Supplemental Shuttered Venue Operators Grant Agreement also extended the deadline for spending under the original Shuttered Venue Operator Grant of $1,865,205 (see Note 2) to June 30, 2022. The Supplemental Shuttered Venue Operators Grant award was received by the Organization in November 2021.

21. SUBSEQUENT EVENTS (continued)

On October 24 and 25, 2021, the Organization sustained water damage during a Category 5 (exceptional) atmospheric river event that brought record rainfall to Northern California. None of the Museum's art or artifacts were damaged and its core galleries of Art, History, and Natural Science were not affected. The Organization's special exhibition space was closed to the public as a result of the water damage on October 27, 2021. The closure is currently expected to last for approximately six weeks, at which time the Organization will reopen its in-progress Mothership: Voyage into Afrofuturism exhibition. The Edith Heath: A Life in Clay exhibition, which had been scheduled to open on November 5, 2021, is now expected to open in a different location in the Museum on a date to be determined. A portion of the Organization's administrative space and preparation workshop also sustained water damage. The full cost of restoration and recovery from the water damage is expected to be covered by the City of Oakland and its insurer.