



MUSEUM OF CONTEMPORARY ART SANTA BARBARA

FINANCIAL STATEMENTS
July 31, 2015
and the Year then Ended



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Museum of Contemporary Art Santa Barbara:

We have audited the accompanying financial statements of Museum of Contemporary Art Santa Barbara (a nonprofit Museum), which comprise the statement of financial position as of July 31, 2015, and the related statements of activities, and cash flows for the year 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.

Auditor's 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Museum of Contemporary Art Santa Barbara as of July 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

Another firm has previously audited the Museum of Contemporary Art Santa Barbara's 2014 financial statements, and their report dated October 3, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stoltey & Associates

Los Olivos, California
November 18, 2015

Museum of Contemporary Art Santa Barbara
Statement of Financial Position
July 31, 2015
(with comparative totals for 2014)

Assets	2015	2014
Current Assets:		
Cash and equivalents	\$ 14,507	\$ 2,457,446
Pledges receivable (note 3)	172,000	180,510
Accounts and other receivables	3,202	69,614
Prepaid expenses	142,101	3,877
Total Current Assets	331,810	2,711,447
Investments (note 4)	4,741,574	3,007,023
Pledges receivable - long term (note 3)	604,443	812,299
Fixed Assets, Net (note 5)	56,738	12,971
Total Assets	\$ 5,734,565	\$ 6,543,740
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 140,272	\$ 66,620
Accrued expenses	57,109	89,483
Other liabilities	100,000	-
Line of credit (note 10)	247,267	-
Total Current Liabilities	544,648	156,103
Total Liabilities	544,648	156,103
Net Assets:		
Unrestricted		
Undesignated	2,925,480	3,866,919
Board designated -Endowment (note 7)	367,570	367,570
Temporarily restricted (note 6)	809,028	1,065,309
Permanently restricted (note 6)	1,087,839	1,087,839
Total Net Assets	5,189,917	6,387,637
Total Liabilities and Net Assets	\$ 5,734,565	\$ 6,543,740

The accompanying notes are an integral part of this financial statement.

Museum of Contemporary Art Santa Barbara
Statement of Activities
Year Ended July 31, 2015
(with comparative totals for 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
Operating					
Public Support:					
Special events, gross	\$ 41,651	\$ -	\$ -	\$ 41,651	\$ 2,601,562
Less: Direct costs	(41,781)	-	-	(41,781)	(2,282,890)
Special events, net	(130)	-	-	(130)	318,672
Contributions	46,983	-	-	46,983	33,720
Contributed facilities	10,179	-	-	10,179	1,043,994
Contributed services	-	-	-	-	10,493
Grants	122,307	-	-	122,307	161,650
Total Public Support	<u>179,339</u>	<u>-</u>	<u>-</u>	<u>179,339</u>	<u>1,568,529</u>
Revenue:					
Memberships	85,702	-	-	85,702	60,985
Art study tours	202,877	-	-	202,877	-
Catalog and product sales	3,475	-	-	3,475	4,990
Art sales	9,240	-	-	9,240	5,240
Total Public Support and Revenue	<u>480,633</u>	<u>-</u>	<u>-</u>	<u>480,633</u>	<u>1,639,744</u>
Net Assets released from restriction	<u>256,281</u>	<u>(256,281)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses:					
Program Services	1,223,028	-	-	1,223,028	958,170
Supporting services:					
Management and general	339,381	-	-	339,381	257,102
Fundraising	165,049	-	-	165,049	125,035
Total Supporting Services	<u>504,430</u>	<u>-</u>	<u>-</u>	<u>504,430</u>	<u>382,137</u>
Total Operating Expenses	<u>1,727,458</u>	<u>-</u>	<u>-</u>	<u>1,727,458</u>	<u>1,340,307</u>
Change in Net Assets from Operating Activities	<u>(990,544)</u>	<u>(256,281)</u>	<u>-</u>	<u>(1,246,825)</u>	<u>299,437</u>
Nonoperating					
Revenue:					
Rental income	4,250	-	-	4,250	16,380
Investment income	60,256	-	-	60,256	386,339
Gain (Loss) on sale of fixed assets	(2,003)	-	-	(2,003)	-
Miscellaneous income	1,196	-	-	1,196	1,733
Total Nonoperating Revenue	<u>63,699</u>	<u>-</u>	<u>-</u>	<u>63,699</u>	<u>404,452</u>
Expenses:					
Depreciation	13,832	-	-	13,832	-
Legal	762	-	-	762	-
Total Nonoperating Expenses	<u>14,594</u>	<u>-</u>	<u>-</u>	<u>14,594</u>	<u>-</u>
Change in Net Assets from Nonoperating Activities	<u>49,105</u>	<u>-</u>	<u>-</u>	<u>49,105</u>	<u>404,452</u>
Total Change in Net Assets	<u>(941,439)</u>	<u>(256,281)</u>	<u>-</u>	<u>(1,197,720)</u>	<u>703,889</u>
Net Assets at Beginning of Year	<u>4,234,489</u>	<u>1,065,309</u>	<u>1,087,839</u>	<u>6,387,637</u>	<u>5,683,748</u>
Net Assets at End of Year	<u>\$ 3,293,050</u>	<u>\$ 809,028</u>	<u>\$ 1,087,839</u>	<u>\$ 5,189,917</u>	<u>\$ 6,387,637</u>

The accompanying notes are an integral part of this financial statement.

Museum of Contemporary Art Santa Barbara
Statement of Cash Flows
For the Year Ended July 31, 2015
(with comparative totals for 2014)

	2015	2014
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (1,197,720)	\$ 703,889
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	(13,832)	7,250
Loss on disposal of fixed assets	2,003	-
Realized gain in investments	(141,030)	-
Unrealized loss (gain) on investments	83,386	(165,881)
(Increase)/decrease in:		
Prepaid expenses	(138,224)	(655,043)
Accounts receivable	66,412	(67,005)
Pledges receivable	216,366	(3,877)
Increase/(decrease) in:		
Accounts payable	73,652	34,807
Accrued expenses	(32,374)	52,263
Other liabilities	100,000	-
Line of credit	247,267	(4,720)
	<u>(734,094)</u>	<u>(98,317)</u>
 <u>Cash Flows From Investing Activities</u>		
Purchase of investments	(5,573,552)	-
Proceeds from sale of investments	3,896,645	2,488,743
Purchase of fixed assets	(31,938)	(2,921)
	<u>(1,708,845)</u>	<u>2,485,822</u>
 Net Cash From Investing Activities		
	<u>(1,708,845)</u>	<u>2,485,822</u>
 Net Change in Cash	 (2,442,939)	 2,387,505
 Cash at the Beginning of Year	 2,457,446	 69,941
	<u>2,457,446</u>	<u>69,941</u>
 Cash at the End of Year	 \$ 14,507	 \$ 2,457,446
	<u>\$ 14,507</u>	<u>\$ 2,457,446</u>
 <u>Supplemental Information:</u>		
Cash paid for interest	\$ 4,536	\$ -
	<u>\$ 4,536</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

Museum of Contemporary Art Santa Barbara
Notes to Financial Statements
July 31, 2015

(1) ORGANIZATION

The Museum of Contemporary Art Santa Barbara (MCASB) (Museum) is a nonprofit organization that advances creativity and inspires critical thinking through meaningful engagement with the art of our time. Founded in 1976 as the Contemporary Arts Forum, MCASB presents a continuing calendar of world-class exhibitions locally, and provides access to international and future audiences via traveling exhibitions, scholarly catalogs, and reviews in publications. Each year, they present 8-10 exhibitions and over 30 special events. MCASB is the only contemporary arts museum between San Francisco and Los Angeles and charges no admission fee.

The programs include:

Community Art Engagement

The goal is to expand and deepen the ways in which people experience the arts through a slate of offerings that emphasize empowerment, innovation thinking, and lifelong appreciation for the arts. MCASB creates accessible opportunities for audiences to move away from “one-way” passive spectatorship to “two-way” active arts participation that allows for more impactful, personal, and resonant experiences with the arts. The community arts engagement programs include a four-day ON Edge Festival of performance art; Sessions, discussions focused on deepening engagement for creative thinkers, historians, and artist; SmART Talks, art lectures by local artist; and Visiting Artist (Summer) Series, which provides engagement with artists outside the walls of the museum so the arts live where communities live.

Youth Programs

MCASB’s arts education gives youth the opportunity to stretch their minds, bodies, and imaginations in a setting that is less structured, programmatically more flexible, and conducive to informal mentoring relationships. Programs include the Teen Insider’s Project, Visiting Artist Series, in which exhibiting artists meet with students for museum tours, classroom lessons, and art making; and Art Lab, and on-site workshop/library which offers art making opportunities that encourage audiences to “learn by doing” with resources that deepen the experience of the art of view.

Exhibitions

World-class solo and group exhibitions are presented four times a year in our galleries and once a year in our satellite location. Scholarly catalogs and brochures acting as significant contributions to the field accompany exhibitions.

Museum of Contemporary Art Santa Barbara
Notes to Financial Statements
July 31, 2015

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Museum have been prepared on the accrual basis in accordance with the AICPA Audit and Accounting Guide, "Not-For-Profit Organizations." The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and reported amounts of revenues and expenses for each year. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Museum and changes therein have been classified and are reported as follows:

Unrestricted net assets - Unrestricted net assets are not subject to donor-imposed stipulations. All expenses, revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification.

Board designated – Board designated funds have been designated by the Board of Directors to be held in the endowment fund.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Museum and/or by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Museum. Generally, the donors of these assets permit the Museum to use all or part of the income earned on related investments for general or specific purposes.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments purchased with an original maturity of three months or less. Temporary cash held in investment brokerage accounts are considered investments.

Recognition of Donor and Grant Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All restricted support is recorded as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted in the statement of activities under the heading net assets released from restriction.

Museum of Contemporary Art Santa Barbara
Notes to Financial Statements
July 31, 2015

Donated Services and Facilities

A substantial number of volunteers have donated their time to the Museum by serving as Board members and/or helping with implementing the Museum's programs. Only specific services requiring specialized skills may be recorded in the financial statements.

The Museum's museum space and administration offices are contributed to the Museum under a long term agreement with the property ownership. The Museum has valued the gift at the estimated fair market value of the donated space. As the donated facility space is provided under a long term agreement the Museum has recorded a pledge receivable for the promised facilities at the estimated net present value of the gift.

Property and Equipment

Property and equipment which is purchased or constructed is stated at cost; assets acquired by gift or bequest are stated at fair value at the date of acquisition. The Museum uses the straight-line method for the computation of depreciation of long-lived assets. Normal repair and maintenance expenses and equipment replacement costs are expensed as incurred.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest-bearing amounts. Management believes all receivables are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Pledges Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises.

Investments

Investments in marketable equity and debt securities are stated at market value. All gains and losses on investments are reported as increases or decreases to unrestricted net assets unless required by donors to be reinvested in restricted net assets.

Income Taxes

The Museum is exempt from federal and California income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 27301d of the California Revenue and Taxation Code. The Museum would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the Internal Revenue Code). The Museum did

Museum of Contemporary Art Santa Barbara
Notes to Financial Statements
July 31, 2015

not report any unrelated income for the year ended July 31, 2015. The tax years ending 2012, 2013 and 2014 are still open to audit for both federal and state purposes. The Museum is not considered a private foundation.

Use of Estimates

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

Significant estimated used in preparing these financial statements include:

- Allocation of certain expenses by function
- Depreciable lives and estimated residual value of property and equipment
- Allowance for uncollectible pledges receivable

It is at least reasonably possible that the significant estimates will change within the next year.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized by function in the Statement of Functional Expenses. Direct costs are charged directly to the appropriate program. Joint costs such as insurance and facility maintenance are allocated by using the direct costs or square footage of each program and supporting services. The allocations are based on current data.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and cash in savings bank accounts, checking bank accounts and highly liquid certificates of deposit.

Impairment of Long-Lived Assets

The Museum reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment losses, if any, are recognized when estimated future cash flows (undiscounted and without interest charges) derived from such assets are less than their carrying values. Management believes no such impairment occurred during the years ended July 31, 2015.

Fair Value of Financial Instruments

The estimated fair values of the Museum's short-term financial instruments, including cash, cash equivalents, accounts receivable, pledges receivable and accounts payables arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The fair value of the marketable securities is based on quoted market rates. For nonmarketable investments the fair value is reported at the estimated net asset value of the funds.

Museum of Contemporary Art Santa Barbara
Notes to Financial Statements
July 31, 2015

Advertising Costs

The Museum uses advertising to promote its programs among the community it serves. The Museum also uses advertising to promote its fundraising events. Advertising costs are expensed as incurred. Advertising costs for the year ended July 31, 2015 totaled \$26,926.

(3) PLEDGES RECEIVABLE

Contributions receivable are expected to be realized in the following periods:

	<u>2015</u>	<u>2014</u>
Due in one year or less	\$ 172,000	\$ 180,510
Due between one and five years	604,443	722,044
Due in more than five years	-	<u>90,255</u>
Total	<u>\$ 776,443</u>	<u>\$ 992,809</u>

The above totals include contributed use of facilities in future periods in amounts of \$767,489 in 2015 and \$992,809 in 2014.

(4) INVESTMENTS

As of July 31, 2015, investments consisted of the following:

	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Gain(Loss)</u>
Money market funds	\$ 5,285	\$ 5,285	\$ -
Bond mutual funds	1,746,572	1,808,401	(61,829)
Equity mutual funds	2,421,350	2,437,912	(16,562)
Blended mutual funds	318,367	225,077	93,290
Long-term CD's	<u>250,000</u>	<u>250,000</u>	-
Totals	<u>\$ 4,741,574</u>	<u>\$ 4,726,675</u>	\$ 14,899

Unrealized gain at July 31, 2014	<u>(98,285)</u>
Unrealized loss for year ended July 31, 2015	<u>\$ (83,386)</u>

For the year ended July 31, 2015 investment income consisted of the following amounts:

Interest and dividends	\$ 10,945
Realized gains	141,030
Unrealized loss	(83,386)
Investment fees	<u>(8,333)</u>
	<u>\$ 60,256</u>

Museum of Contemporary Art Santa Barbara
Notes to Financial Statements
July 31, 2015

(5) FIXED ASSETS

Fixed assets at July 31, 2015 were as follows:

Furniture and equipment	\$ 117,059
Leasehold improvements	<u>306,884</u>
Total Cost	423,943
Accumulated depreciation	<u>(367,205)</u>
Fixed Assets, Net	<u>\$ 56,738</u>

Depreciation expense reported for the year ended July 31, 2015 is \$13,832.

(6) RESTRICTED NET ASSETS

Temporarily restricted net assets as of July 31, 2015 were available for the following purposes:

Program activities	\$ 41,539
Contributed facilities	<u>767,489</u>
Total Temporarily Restricted Net Assets	<u>\$ 809,028</u>

Permanently restricted net assets as of July 31, 2015 were available for the following purposes:

Social themes	\$ 117,602
Women and minority rights	60,180
Emerging artists	15,000
Gallery	4,000
Artists and cultural organizations – sensitivity to nature	83,839
General	<u>807,168</u>
Total Temporarily Restricted Net Assets	<u>\$ 1,087,789</u>

(7) ENDOWMENT

The Museum’s endowment has been established for a variety of program and general operating purposes. Its endowment consists of donor-restricted endowment funds and funds designated for the endowment by the Board of Trustees. As required by generally accepted accounting principles (GAAP), 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 Board of Trustees of the Museum 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, The Museum classifies as

Museum of Contemporary Art Santa Barbara
Notes to Financial Statements
July 31, 2015

permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Museum and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Museum
- (7) The investment policies of the Museum.

Endowment net asset composition by type of fund as of July 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board Designated endowment funds	\$ 367,570	\$ -	\$ -	\$ 367,570
Donor Restricted Endowment Funds	<u>-</u>	<u>-</u>	<u>1,087,789</u>	<u>1,087,789</u>
Total	<u><u>\$ 367,570</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,087,789</u></u>	<u><u>\$ 1,455,359</u></u>

**Museum of Contemporary Art Santa Barbara
Notes to Financial Statements
July 31, 2015**

Changes in Endowment

Net Assets for the Fiscal Year Ended July 31, 2015 are as follows:

	Unrestricted Restricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 367,570	-	\$ 1,087,789
Investment income	5,035	13,824	-
Appropriations for Expenditures	<u>(5,035)</u>	<u>(13,824)</u>	<u>-</u>
Endowment net assets, ending of year	<u>\$ 367,570</u>	<u>\$ -</u>	<u>\$ 1,087,789</u>

(8) CONCENTRATIONS

Individual donors and members are primarily from Santa Barbara County, California.

The Museum maintains cash in money market accounts that are not federally insured and in bank deposit accounts which, at times, may exceed federally insured limits. The Museum has not experienced any losses in such accounts.

(9) ASSETS VALUED AT FAIR VALUE

The Financial Accounting Standard Board's authoritative guidance on fair value measurements establishes a framework for measuring fair value, and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Assets carried at fair value include the following as of July 31, 2015:

- Temporary cash accounts held at investment brokerage houses.
- Bond mutual funds consisting of domestic and foreign bonds.
- Equity mutual funds consisting of domestic and foreign corporation common stock.

Museum of Contemporary Art Santa Barbara
Notes to Financial Statements
July 31, 2015

- Blending mutual fund consisting of domestic and foreign bonds as well as domestic and foreign corporation common stock.
- Long-term certificates of deposits of domestic banks

In determining the appropriate levels, the Museum performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Fair Value Measurements at July 31, 2015 are summarized as follows:

	Quoted Prices In Active Markets For Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Temporary cash	\$ 5,285	\$ -	\$ -
Blended mutual funds	318,367	-	-
Long-term CD's	250,000	-	-
Bond mutual funds	1,746,572	-	-
Equity mutual funds	<u>2,421,350</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,741,574</u>	<u>\$ -</u>	<u>\$ -</u>

(10) COMMITMENTS

The Museum holds a \$250,000 line of credit with Heritage Oaks Bank. The line of credit carries interest at 2.65% per annum and matures April 2, 2017. The proceeds of the line of credit are used to smooth seasonal variability of cash flows. At July 31, 2015 the Museum owed \$247,267 under the line of credit.

(11) COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles.

(12) SUBSEQUENT EVENTS

Management has evaluated events through November 18, 2015, which is the date the financial statements were available to be issued. Management has determined that no subsequent event requiring disclosure or significantly impacting disclosure has occurred.