

**ORLANDO MUSEUM OF ART, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE**  
**YEAR ENDED JUNE 30, 2021)**



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**ORLANDO MUSEUM OF ART, INC.  
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(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Orlando Museum of Art, Inc.  
Orlando, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Orlando Museum of Art, Inc. (OMA) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orlando Museum of Art, Inc., as of June 30, 2022, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Orlando Museum of Art, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Orlando Museum of Art, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Orlando Museum of Art, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Orlando Museum of Art, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited Orlando Museum of Art, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**CliftonLarsonAllen LLP**

Orlando, Florida  
December 1, 2022

**ORLANDO MUSEUM OF ART, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 429,386	\$ 450,104
Promises to Give and Other Receivables	253,832	131,898
Museum Shop Inventory	49,361	36,544
Prepaid and Other Assets	59,016	40,891
Total Current Assets	791,595	659,437
<b>ENDOWMENT ASSETS</b>		
Cash and Cash Equivalents Designated or Restricted for Endowment	364,339	91,904
Investments Designated or Restricted for Endowment	4,179,469	5,172,559
Total Endowment Assets	4,543,808	5,264,463
<b>BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS</b>	2,102,008	2,352,302
<b>PROPERTY AND EQUIPMENT, NET</b>	6,996,319	7,366,895
Total Assets	\$ 14,433,730	\$ 15,643,097
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 255,505	\$ 118,604
Deferred Revenue	250,089	200,133
Total Current Liabilities	505,594	318,737
<b>LONG-TERM LIABILITIES</b>		
Paycheck Protection Program Loan	-	246,491
Total Long-Term Liabilities	-	246,491
Total Liabilities	505,594	565,228
<b>NET ASSETS</b>		
Without Donor Restrictions	5,740,667	6,600,475
With Donor Restrictions	8,187,469	8,477,394
Total Net Assets	13,928,136	15,077,869
Total Liabilities and Net Assets	\$ 14,433,730	\$ 15,643,097

See accompanying Notes to Financial Statements.

**ORLANDO MUSEUM OF ART, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			Year Ended June 30, 2022	Year Ended June 30, 2021
<b>SUPPORT AND REVENUE</b>				
Support:				
Contributions	\$ 369,138	\$ 123,390	\$ 492,528	\$ 629,731
Bequests	209,809	-	209,809	12,793
Contributed Nonfinancial Assets	113,169	-	113,169	100,050
Grants - Government and Others	302,735	13,049	315,784	456,196
Shuttered Venue Operators Grant	-	490,014	490,014	-
United Arts General Allocation	159,400	-	159,400	159,400
United Arts Matching and Designated Contributions	233,048	-	233,048	47,342
United Arts Pledged Contributions	-	-	-	127,037
Change in Beneficial Interest in Assets Held by Others	-	(250,294)	(250,294)	431,789
<b>Total Support</b>	<b>1,387,299</b>	<b>376,159</b>	<b>1,763,458</b>	<b>1,964,338</b>
Revenue:				
Special Events Revenue	872,598	-	872,598	518,899
Special Events - Contributed Nonfinancial Assets	301,958	-	301,958	261,533
Education Fees	320,902	-	320,902	210,875
Investment Gain (Loss), Net	(634,369)	(47,913)	(682,282)	960,859
Museum Shop Sales	382,853	-	382,853	113,152
Rental Fees	312,022	-	312,022	96,125
Program Revenue	142,220	-	142,220	76,364
Membership Dues	206,834	-	206,834	123,120
Exhibition Admissions	439,637	-	439,637	236,875
Government Grants - Paycheck Protection Program Loan Forgiveness	246,492	-	246,492	271,700
Government Grants - ERC	-	-	-	34,160
Other Revenue	3,391	-	3,391	4,398
<b>Total Revenue</b>	<b>2,594,538</b>	<b>(47,913)</b>	<b>2,546,625</b>	<b>2,908,060</b>
Net Assets Released from Restrictions	591,526	(591,526)	-	-
<b>Total Support and Revenue</b>	<b>4,573,363</b>	<b>(263,280)</b>	<b>4,310,083</b>	<b>4,872,398</b>

See accompanying Notes to Financial Statements.

**ORLANDO MUSEUM OF ART, INC.**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			Year Ended June 30, 2022	Year Ended June 30, 2021
<b>EXPENSES</b>				
Program Services:				
Exhibition	\$ 2,097,380	\$ -	\$ 2,097,380	\$ 1,433,917
Education	723,300	-	723,300	584,861
Member Programs	361,034	-	361,034	174,505
Museum Shop	354,024	-	354,024	157,708
Rental Program	198,820	-	198,820	145,729
Total Program Services	3,734,558	-	3,734,558	2,496,720
Special Events Operating Expenses	337,689	-	337,689	239,279
Supporting Services:				
Management and General	933,599	-	933,599	655,937
Fundraising	427,325	-	427,325	372,953
Total Supporting Services	1,360,924	-	1,360,924	1,028,890
Total Expenses	5,433,171	-	5,433,171	3,764,889
<b>CHANGE IN NET ASSETS BEFORE CHANGES RELATED TO COLLECTION ITEMS NOT CAPITALIZED</b>				
	(859,808)	(263,280)	(1,123,088)	1,107,509
Net Assets Released from Restrictions for Collection Items Purchased	26,645	(26,645)	-	-
Collection Items Purchased	(26,645)	-	(26,645)	(25,356)
<b>CHANGE IN NET ASSETS</b>	(859,808)	(289,925)	(1,149,733)	1,082,153
Net Assets - Beginning of Year	6,600,475	8,477,394	15,077,869	13,995,716
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 5,740,667</b>	<b>\$ 8,187,469</b>	<b>\$ 13,928,136</b>	<b>\$ 15,077,869</b>

See accompanying Notes to Financial Statements.

**ORLANDO MUSEUM OF ART, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Program Expenses					
	Exhibition	Education	Member Programs	Museum Shop	Rental Program	Total Program
Salaries	\$ 510,722	\$ 240,121	\$ 94,784	\$ 66,373	\$ 65,944	\$ 977,944
Employee Benefits	29,392	23,514	5,878	11,757	5,878	76,419
Payroll Taxes	37,811	16,504	7,219	5,010	5,019	71,563
Total Salaries and Related Expenses	<u>577,925</u>	<u>280,139</u>	<u>107,881</u>	<u>83,140</u>	<u>76,841</u>	<u>1,125,926</u>
Activity Expenses	243,589	16,533	203,056	212,515	6,991	682,684
Events and Receptions	-	-	-	-	-	-
Contract Services	101,672	82,464	-	17,807	-	201,943
Insurance	162,024	-	-	-	-	162,024
Legal and Professional	-	-	-	-	-	-
Postage and Printing	35,313	4,596	6,879	32	-	46,820
Repair and Maintenance	6,845	-	-	3,189	-	10,034
Security	178,736	34,278	7,345	7,345	17,139	244,843
Supplies and Materials	61,203	25,829	1,263	7,464	-	95,759
Taxes, Licenses, and Fees	-	-	-	-	-	-
Telephone	2,300	2,300	2,300	2,300	2,300	11,500
Travel/Transportation/Meetings/Training	43,545	6,170	-	-	-	49,715
Miscellaneous Expenses	8,225	500	5,884	145	-	14,754
Subtotal	<u>843,452</u>	<u>172,670</u>	<u>226,727</u>	<u>250,797</u>	<u>26,430</u>	<u>1,520,076</u>
Total Expenses Before Allocations	1,421,377	452,809	334,608	333,937	103,271	2,646,002
Occupancy	266,348	84,858	8,193	9,273	50,797	419,469
Depreciation	251,561	79,666	7,692	8,706	32,103	379,728
Contributed Gifts and Services - Special Events	-	-	-	-	-	-
Contributed Gifts and Services - Other	-	80,668	-	-	-	80,668
Marketing and Promotions	158,094	25,299	10,541	2,108	12,649	208,691
Total Expenses	<u>\$ 2,097,380</u>	<u>\$ 723,300</u>	<u>\$ 361,034</u>	<u>\$ 354,024</u>	<u>\$ 198,820</u>	<u>\$ 3,734,558</u>

See accompanying Notes to Financial Statements.



**ORLANDO MUSEUM OF ART, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Special Events Expenses	Supporting Services		Total Supporting	Total	
		Management and General	Fundraising		Year Ended June 30, 2022	Year Ended June 30, 2021
Salaries	\$ 1,278	\$ 497,527	\$ 137,896	\$ 635,423	\$ 1,614,645	\$ 1,231,190
Employee Benefits	-	35,270	17,635	52,905	129,324	128,091
Payroll Taxes	93	33,871	10,089	43,960	115,616	88,707
Total Salaries and Related Expenses	1,371	566,668	165,620	732,288	1,859,585	1,447,988
Activity Expenses	-	-	-	-	682,684	218,434
Events and Receptions	219,391	-	-	-	219,391	168,868
Contract Services	-	4,818	7,352	12,170	214,113	197,232
Insurance	-	5,754	-	5,754	167,778	28,046
Legal and Professional	-	157,856	-	157,856	157,856	28,185
Postage and Printing	-	3,978	3,822	7,800	54,620	30,425
Repair and Maintenance	-	19,155	589	19,744	29,778	21,011
Security	-	-	-	-	244,843	121,121
Supplies and Materials	-	48,936	3,999	52,935	148,694	73,245
Taxes, Licenses, and Fees	-	5,360	-	5,360	5,360	5,908
Telephone	-	2,300	2,300	4,600	16,100	19,075
Travel/Transportation/Meetings/Training	-	41,105	5,250	46,355	96,070	27,084
Miscellaneous Expenses	-	45,900	2,868	48,768	63,522	39,251
Subtotal	219,391	335,162	26,180	361,342	2,100,809	977,885
Total Expenses Before Allocations	220,762	901,830	191,800	1,093,630	3,960,394	2,425,873
Occupancy	-	16,386	8,193	24,579	444,048	495,613
Depreciation	-	15,383	7,692	23,075	402,803	389,687
Contributed Gifts and Services - Special Events	82,318	-	219,640	219,640	301,958	261,533
Contributed Gifts and Services - Other	32,501	-	-	-	113,169	100,050
Marketing and Promotions	2,108	-	-	-	210,799	92,132
Total Expenses	\$ 337,689	\$ 933,599	\$ 427,325	\$ 1,360,924	\$ 5,433,171	\$ 3,764,889

See accompanying Notes to Financial Statements.

**ORLANDO MUSEUM OF ART, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (1,149,733)	\$ 1,082,153
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	402,803	389,687
Realized and Unrealized (Gains) Losses on Investments	744,680	(912,932)
Contributions Received for Endowment	(4,500)	(5,000)
Forgiveness of Debt for Paycheck Protection Program Loan	(246,491)	(271,700)
Decrease (Increase) in Beneficial Interest in Assets Held by Others	250,294	(431,789)
Contributions Received for Art Collections Purchases	26,645	25,356
Change in Operating Assets and Liabilities:		
Promises to Give and Other Receivables	(121,934)	(7,337)
Museum Shop Inventory	(12,817)	12,410
Prepaid and Other Assets	(18,125)	21,679
Accounts Payable and Accrued Expenses	136,901	(122,975)
Deferred Revenue	49,956	41,296
Net Cash Provided (Used) by Operating Activities	57,679	(179,152)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments Matured, Called, and Sold	5,150,413	4,354,230
Investments Purchased	(4,902,003)	(4,028,475)
Acquisition of Property and Equipment	(32,227)	(212,045)
Art Collection Purchases	(26,645)	(25,356)
Net Cash Provided by Investing Activities	189,538	88,354
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Received for Permanent Endowment	4,500	5,000
Principal Payments on Capital Lease Obligations	-	(68,337)
Proceeds from Paycheck Protection Program Loan	-	246,491
Net Cash Provided by Financing Activities	4,500	183,154
<b>NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	251,717	92,356
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	542,008	449,652
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 793,725	\$ 542,008
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for Interest	\$ 361	\$ 6,864

See accompanying Notes to Financial Statements.

**ORLANDO MUSEUM OF ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 ORGANIZATION**

In the mid-1920s, a group of art enthusiasts, collectors, and artists came together for the express purpose of encouraging and promoting art and its appreciation throughout Central Florida. The Orlando Museum of Art, Inc. (OMA) was founded in 1924 as the Orlando Art Association and incorporated in 1926 as a nonprofit corporation. Today, the institution serves an estimated population of three million residents in Central Florida and visitors from around the world.

OMA's Mission is to inspire creativity, passion, and intellectual curiosity by connecting people with art and new ideas.

OMA's Vision is to be a creative change agent for education and the center for artistic engagement as well as a place for civic, cultural, and economic development.

OMA's Purpose is to interpret and present the most compelling art for the public to experience, and to positively affect people's lives with innovative and inspiring education programs that will endure as a cultural legacy in Central Florida.

To meet these objectives, OMA has dedicated itself to collecting, preserving, and interpreting notable works of art; to presenting exhibitions of local, regional, national, and international significance; to developing first-rate educational programs; and to developing creative and inclusive programs that reach every segment of its diverse audience.

OMA has maintained its national accredited status by the American Alliance of Museums since 1971 and is ranked by the state as one of the top major art museums in Florida for its demonstrated national leadership, program excellence, and statewide impact.

OMA has a number of support groups. According to OMA's bylaws:

The *Council of 101* (101) is a committee of the membership operating under the charter of OMA. 101 was formed in 1965 to further the cultural development and appreciation of the visual arts in the Central Florida area and to provide financial resources for OMA, which is the sole beneficiary of 101's fundraising efforts. The designated use of such resources is unrestricted operating support for the Museum's programming and operations. The accounts of 101 are included in the financial statements.

The bylaws also provide for additional committees of the membership that serve to advance OMA's mission and vision. The purpose of these committees is as follows:

The *Acquisition Trust* is instrumental in the acquisition of exceptional examples of Contemporary Art from 1945 to the present moment for the OMA permanent collection through purchase and gift.

The *Friends of American Art* is instrumental in the acquisition of exceptional examples of American Art from the 18th Century through 1945 for the OMA permanent collection through purchase and gift.

**ORLANDO MUSEUM OF ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 ORGANIZATION (CONTINUED)**

The *Associates* work to expand the membership at the museum through publicity and OMA's monthly 1st Thursday's program.

The *Volunteer Council* focuses on recruiting, retaining, and rewarding OMA volunteers.

The *Ambassadors* of the OMA provide funding without restrictions for operations, exhibitions, public programs, and educational initiatives. The OMA Ambassadors help to bring the highest quality visual art experiences, and art educational opportunities, for the engagement of the Central Florida community and its visitors.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of OMA have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents**

In these financial statements, cash and cash equivalents include cash and all highly liquid debt instruments available for current use with maturities of less than three months at time of purchase. Included in cash and cash equivalents are bank deposits, certain amounts of which are not insured under Federal Deposit Insurance Corporation regulations.

**Promises to Give and Other Receivables**

Pledges receivable consist of unconditional promises to give from donors, which are recognized within net assets at their fair value when unconditional promises are received.

Management expects all pledges to be received during the next 12 months; accordingly, such receivables are not discounted. Management considers all accounts and pledges receivable collectable; therefore, there is no allowance for doubtful accounts. Contributed professional support services and materials, except for artwork (see Note 10), are recorded in the accompanying financial statements at their estimated fair value at the date of receipt by OMA.

**Investments**

Investments consist of certificates of deposit, money market funds, and mutual funds. Under current accounting standards, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued in the statement of financial position at their fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. Changes in the fair value of securities are reflected as investment gains or losses in the accompanying statement of activities. Money market funds and certificates of deposit are recorded at cost which approximates fair value.

**ORLANDO MUSEUM OF ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Beneficial Interest in Assets Held by Others**

OMA is the beneficiary of two charitable remainder unitrusts held and administered by an independent corporate trustee. Under the terms of the trusts, OMA has the irrevocable right to receive all of the then remaining principal and income at the expiration of the trust term. The funds are to be used solely to add to OMA's permanent collection. The estimated fair value of the beneficial interest in the trusts is recognized as an asset and changes in the value are recognized as support with donor restrictions. OMA's estimate of fair value is based on fair value information provided by the trustee.

**Fair Value Measurement**

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. OMA emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value measurement standard defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

OMA has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

*Level 2* – Financial assets and liabilities are valued using inputs that are quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds, and real estate.

**ORLANDO MUSEUM OF ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Museum Shop Inventory**

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out basis.

**Deferred Revenue**

Amounts received but not yet recognized as revenue are reported as deferred revenue. These amounts principally include deferred membership revenue and advanced rental deposits.

**Net Assets**

The financial statements have been prepared to focus on OMA as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are both undesignated and designated in nature. Undesignated net assets without donor restriction are those currently available for use in the day-to-day operation of OMA and those resources invested in property and equipment. From time to time, the Board of Trustees may designate certain amounts of net assets without donor restriction to be utilized/invested to meet specific objectives of OMA.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the donors of these assets that are maintained in perpetuity permit OMA to use all or part of the income earned on related investments for either unrestricted or specified purposes.

**Revenue Recognition**

**Contributions and Grants**

Contributions and grants are recognized as with donor restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, OMA records the contribution and the related expense as without donor restriction. Contributions of assets other than cash are recorded at their fair estimated value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**ORLANDO MUSEUM OF ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Special Events Revenue

Special events revenue results from OMA and the Council of 101's efforts to produce a wide variety of events pertaining to exhibition openings, membership programs, and large annual fundraisers. The revenue is recognized in the period that the benefits and events are held.

Education Fees

Education fees result from educational programs, tours and workshops held by OMA. Revenue from these programs is recognized over time as the benefit of the educational program is received. As of June 30, 2022, OMA recorded \$80,607 of deferred revenue related to various educational programs.

Rental Fees

Rental fees result from facility rentals at the Museum. Facility rentals are recognized when the performance obligation of providing space for the event is satisfied. As of June 30, 2022, OMA recorded \$56,903 of deferred revenue related to facility rental fees.

Membership Dues

Membership dues are on an anniversary-date basis and are recognized ratably over the membership period. There are no distinct performance obligations and the general member benefits, including membership to the Museum, are considered a bundled group of performance obligations that are delivered to members throughout the membership period. As of June 30, 2022, OMA recorded \$112,579 of deferred revenue related to museum memberships.

Exhibition Admission Fees

Admission fees are from daily attendance and group visits to OMA and are recognized at the time of visit.

**Contributed Nonfinancial Assets**

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair value at the date of donation. Contributions of donated or discounted services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**ORLANDO MUSEUM OF ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributed Nonfinancial Assets (Continued)**

The noncash donations, included as program expenses in the accompanying financial statements, consisted of the following as of June 30:

	2022	2021	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Food and Beverages	\$ 20,839	\$ 27,832	Programs events	None	Fair value estimated on the basis of current rates for comparable products
Household Goods	7,860	11,049	Programs events	None	Fair value estimated on the basis of current rates for comparable products
Services	84,470	322,702	Interior design, floral design, signage for events, entertainment, marketing, and other services	None	Fair value estimated on the basis of current rates for comparable products
Services and Goods	<u>301,958</u>	<u>261,533</u>	Fundraising events		
Total	<u>\$ 415,127</u>	<u>\$ 623,116</u>			

The Organization records the value of donated services when there is an objective basis available to measure the donation's value. In addition, many individuals' volunteer time and skills to perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as donated services.

**Functional Allocation of Expenses**

The costs of program, supporting services and special events activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain expenses, attributable to program, supporting services and special events, were allocated by management based upon an estimate of the time of the employees involved and/or a percentage of assets utilized.

**Income Taxes**

OMA is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements.

OMA's income tax returns are subject to review and examination by federal and state authorities. OMA is not aware of any activities that would jeopardize its tax-exempt status. OMA is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.



**ORLANDO MUSEUM OF ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment purchased or constructed by OMA is capitalized at cost if purchased or at estimated fair value if acquired by gift. OMA's policy is to capitalize property and equipment if the acquisition cost or estimated donated value exceeds \$2,000.

Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the related assets, which are as follows:

Buildings and Improvements	5 to 43 Years
Furniture, Fixtures, and Equipment	3 to 7 Years

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and various expenses during the reporting period. Actual results could differ from those estimates.

**Concentration of Credit Risks**

The Organization maintains cash balances with one bank. The Organization's cash accounts at this bank are federally insured up to \$250,000 under Federal Deposit Insurance Corporation (FDIC) protection. As of June 30, 2022, balances in excess of the FDIC limit was \$142,735. Investments are not federally insured.

During fiscal year 2022, the Organization received approximately 23%, 18%, and 12% of its total support, from the Shuttered Venues Grant, the United Arts, and a 2<sup>nd</sup> PPP Loan.

**Change in Accounting Principle**

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958). The main provision of the standard is to present contributed nonfinancial assets as a separate line in the statement of activities and disclose qualitative information regarding utilization, donor-imposed restrictions, and valuation techniques of contributed nonfinancial assets. There was no impact on the Organization's financial position and change in net assets upon adoption of the new standard.

**Comparative Financial Statements**

These financial statements include summarized comparative prior-year information. That information is not presented by net asset class and does not contain sufficient detail to conform with accounting principles generally accepted in the United States of America (GAAP). Therefore, this information should be read in conjunction with OMA's audited financial statements for the year ended June 30, 2021.

**ORLANDO MUSEUM OF ART, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these financial statements, OMA has evaluated events and transactions for potential recognition or disclosure through December 1, 2022, the date the financial statements were available to be issued.

**NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

OMA's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021
Cash and Cash Equivalents	\$ 289,819	\$ 314,098
Promises to Give and Other Receivables	253,832	131,898
Endowment Spending-Rate Distribution Appropriation	239,990	183,027
Total	\$ 783,641	\$ 629,023

OMA's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. As described in Note 12, the endowment balance has a spending rate of 5% which can be transferred to the operating fund. Income from the Acquisition Trust Endowment is restricted for specific purposes and, therefore, is not subject to the spending policy for general expenditures. Approximately \$240,000 of appropriations from the endowment funds will be available within the next 12 months. Income from donor-restricted endowments in excess of the approved spending rate is not available for general expenditure until appropriated.

As part of OMA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, OMA has committed a line of credit in the amount of \$200,000, which it could draw upon. Additionally, Orlando Museum of Art has a quasi-endowment of \$900,000 and additional Board Designated funds of \$602,337. Although Orlando Museum of Art does not intend to spend from its quasi-endowment or other Board Designated Funds (other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process) amounts from its quasi-endowment could be made available if necessary.

**ORLANDO MUSEUM OF ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 4 CONTRIBUTED GIFTS AND SERVICES**

In-kind contributions received during the year ended June 30, 2022, consist of professional services, items donated for resale purposes, and goods and services donated for fundraising events. These items are included in the financial statements as support, revenue and various expenses as follows:

Support - Contributed Gifts and Services		\$ 113,169
Special Events:		
Operating Expenses	\$ 82,318	
Fundraising Expenses	219,640	
	<u>301,958</u>	
Inventory Sold	397,712	<u>699,670</u>
Total In-Kind Contributed Gifts and Services		<u>\$ 812,839</u>

**NOTE 5 GRANTS – GOVERNMENT AND OTHERS**

Grants – Government and others consisted of the following at June 30, 2022:

	Grant Award	Support Recognized
State of Florida - Division of Cultural Affairs	\$ 78,608	\$ 78,608
Orange County Florida - Various Grants	171,632	171,632
Shuttered Venue Operators Grant	490,017	490,017
Paycheck Protection Program Funding	246,491	246,491
Other	65,542	65,542
Total	<u>\$ 1,052,290</u>	<u>\$ 1,052,290</u>

**NOTE 6 SPECIAL EVENTS**

Net revenue from special events consisted of the following for the year ended June 30, 2022:

	Cash	In-Kind	Total
Revenue	\$ 872,598	\$ 301,958	\$ 1,174,556
Expenses:			
Operating	222,870	114,819	337,689
Fundraising	207,685	219,640	427,325
Total Expenses	<u>430,555</u>	<u>334,459</u>	<u>765,014</u>
Net Revenue	<u>\$ 442,043</u>	<u>\$ (32,501)</u>	<u>\$ 409,542</u>

**ORLANDO MUSEUM OF ART, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 INVESTMENTS**

Investments consisted of the following at June 30, 2022:

	<u>Cost Basis</u>	<u>Fair Value</u>
Money Market	\$ 364,339	\$ 364,339
Certificates of Deposit	46,033	46,033
Mutual Funds:		
Domestic Equity	1,980,397	1,685,459
International Equity	199,986	155,867
Fixed Income	2,560,577	2,292,110
Total	<u>\$ 5,151,332</u>	<u>\$ 4,543,808</u>

**NOTE 8 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

Beneficial interest in assets held by others consists of two charitable remainder unitrusts (Trusts). The Trusts are administered by a third-party corporate trustee. Under the Trust agreement, OMA is the sole named beneficiary of the Trusts. Upon the expiration of the Trust term, the trustee shall distribute all of the then remaining principal and income of the Trusts for use by OMA solely to add to their permanent collection. Based on the donors' life expectancies and the use of a 2.9% discount rate, the present value of the future benefits expected to be received by OMA was estimated to be \$2,102,008 at June 30, 2022.

**NOTE 9 FAIR VALUE MEASUREMENT**

OMA uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

Assets measured at fair value on a recurring basis at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds:				
Domestic Equity	\$ 1,685,459	\$ -	\$ -	\$ 1,685,459
International Equity	155,867	-	-	155,867
Fixed Income	2,292,110	-	-	2,292,110
Beneficial Interest in Assets Held by Others	-	-	2,102,008	2,102,008
Total	<u>\$ 4,133,436</u>	<u>\$ -</u>	<u>\$ 2,102,008</u>	<u>\$ 6,235,444</u>

Money market funds and certificates of deposit in the amount of \$364,339 and \$46,033, respectively, are included in investments.

**ORLANDO MUSEUM OF ART, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 FAIR VALUE MEASUREMENT (CONTINUED)**

The following table represents a reconciliation of assets in which significant unobservable inputs (Level 3) were used to determine fair value for the year ended June 30, 2022:

Fair Value at June 30, 2021	\$ 2,352,302
Unrealized Gain in Beneficial Interest in Assets Held by Others	<u>(250,294)</u>
Fair Value at June 30, 2022	<u>\$ 2,102,008</u>

Fair value of beneficial interest in assets held by others was determined by computing the present value of required future distributions expected to be paid, using published life expectancy tables, a discount rate of 2.9%, and a historical rate of return of 5% as provided by the Trustee.

The following table represents significant unobservable inputs for the beneficial interest in the assets held by others:

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2022	2021		
Beneficial Interest in Asset Held by Others	\$ 2,102,008	\$2,352,302	FMV of Trust Investments	Time Period of Trust

**NOTE 10 ART COLLECTIONS**

In conformity with industry practice, art purchased and donated is not recorded in the accompanying statement of financial position. Even though not recorded, OMA's collections represent one of its most valuable assets. Items added to OMA's permanent collections totaled \$87,000 during the years ended June 30, 2022, based on estimated fair value at the date of receipt. Of this amount, \$60,355 was acquired through donations and \$26,645 was purchased. No items were de-accessioned. All donated art was accessioned into the permanent collection. The collections are made up of artifacts of historical significance and art objects that are held for educational, research, and curatorial purposes. Each of the items is cataloged, preserved, cared for, and not encumbered and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sales to be used to acquire other items for collections.

**ORLANDO MUSEUM OF ART, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2022:

Land and Land Improvements	\$ 2,536,638
Building and Improvements	13,482,735
Furniture, Fixtures, and Equipment	2,359,079
Subtotal	<u>18,378,452</u>
Less: Accumulated Depreciation	(11,382,133)
Total	<u><u>\$ 6,996,319</u></u>

OMA's land and certain improvements were donated by the City of Orlando (the City). The land was donated with the restriction that its use be exclusively by OMA in accordance with its present purposes and that the land not be sold, leased, or otherwise disposed of without the written consent of the City (see Notes 14 and 18).

**NOTE 12 ENDOWMENTS**

OMA follows a standard issued by the Financial Accounting Standards Board related to the classification of donor-restricted endowment funds. This standard provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). It also provides additional disclosures about an organization's endowed funds.

OMA has several donor-restricted endowment funds. The majority of these were established for the purpose of providing income to support general operations. The Board of Trustees of OMA has interpreted the State of Florida UPMIFA as requiring 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, OMA classifies as net assets with donor restrictions (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 is classified in net assets depending on the existence or absence of donor-imposed restrictions.

OMA's endowment investment policy is focused on preservation of capital and investment vehicles are selected to protect the integrity of the corpus.

**ORLANDO MUSEUM OF ART, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 12 ENDOWMENTS (CONTINUED)**

The endowment net assets and activity for fiscal year 2022 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund Balance as of June 30, 2021	\$ 2,197,071	\$ 3,067,392	\$ 5,264,463
Endowment Earnings to Board Designated Contributions	-	4,500	4,500
Transfer from Operating to Board Designated	150,000		150,000
Management Fees	(24,500)	(1,818)	(26,318)
Appropriations	(183,027)	(9,500)	(192,527)
Earnings:			
Interest and Dividends	82,210	6,160	88,370
Realized and Unrealized Gain (Loss)	(692,425)	(52,255)	(744,680)
Endowment Fund Balance as of June 30, 2022	<u>\$ 1,529,329</u>	<u>\$ 3,014,479</u>	<u>\$ 4,543,808</u>
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 3,014,479	\$ 3,014,479
Board-Designated Endowment Funds	1,529,329	-	1,529,329
Total	<u>\$ 1,529,329</u>	<u>\$ 3,014,479</u>	<u>\$ 4,543,808</u>

**Fund 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 OMA to retain as a fund of perpetual duration. There are no fund deficiencies as of June 30, 2021.

**Investment Strategy, Return Objectives, and Risk Parameters**

OMA invested its endowment fund in a balanced portfolio of debt and equity securities with the objective of preservation of capital and long-term capital appreciation. The balanced portfolio investment return objective is to produce real returns, net of inflation, over time at a moderate level of risk to invested capital.

**Spending Policy and How Investment Objectives Relate to Spending**

A board-approved policy transfers to the operating fund up to 5% of the endowment fund balance as of the end of the prior calendar year. This percentage was determined based on the overall needs of OMA balanced with the long-term investment return objectives for a fund to be held in perpetuity.

**ORLANDO MUSEUM OF ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 13 DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restriction that have been designated by OMA's governing board consisted of the following at June 30, 2022:

Designated Funds Functioning as an Endowment	\$ 900,000
Accumulated Endowment Earnings Designated by the Board	602,337
Designated as Additional Matching Funds for the State of Florida Cultural Endowment Program	26,992
Total	<u>\$ 1,529,329</u>

**NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2022:

Subject to Expenditure for Specified Purpose:	
Purchasing Art	\$ 316,307
Future Exhibitions	109,080
Facilities Improvements	-
Educational Programs	61,867
Other	47,090
Total	<u>534,344</u>
Subject to the Passage of Time:	
Beneficial Interests in Charitable Trusts Held by Others	2,102,008
Donations for Operating Expenses in Next Fiscal Year	-
Total	<u>2,102,008</u>
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	(6,008)
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	
Florida Cultural Endowment	2,400,000
Operating Endowment	275,587
Acquisition Trust Endowment	298,868
Scholarship Endowment	46,032
Total Endowments	<u>3,014,479</u>
Not Subject to Spending Policy or Appropriation:	
Land and Land Improvements	<u>2,536,638</u>
Total Net Assets with Donor Restrictions	<u>\$ 8,187,469</u>



**ORLANDO MUSEUM OF ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Included in net assets with donor restriction are several donor-restricted endowment funds. OMA's endowments consist of a Florida Cultural Endowment and various other endowments for long-term use. The Florida Cultural Endowment was originally set up with two matching grants from the state of Florida, requiring OMA to raise \$360,000 for each grant and for the state of Florida to match \$240,000 for each grant, for a total of \$1,200,000. In fiscal year 2007, a third matching grant of \$240,000 was received to match additional endowment funds of \$360,000 raised by OMA. In fiscal year 2012, OMA raised an additional match of \$360,000 for the endowment fund. OMA received the fourth matching grant of \$240,000 in 2015. OMA keeps a minimum balance of the \$2,400,000 original contribution in the donor-restricted endowment account, as required by the state of Florida.

**NOTE 15 401(K) RETIREMENT PLAN**

OMA has a 401(k) retirement plan that is available to all of its employees who meet minimum age and length of service requirements. The plan has a December 31 year-end.

OMA can make a discretionary matching contribution of up to 5% of eligible participant wages. For the 2022 plan year, OMA made matching contributions of \$9,136.

**NOTE 16 RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2022, \$226,101 was received as contributions from Board of Trustees members.

**NOTE 17 LINE OF CREDIT**

On May 18, 2015, OMA took out a line of credit with a bank for borrowings up to \$200,000, payable on demand. Interest accrues at a variable rate equal to the bank's prime rate. The loan is secured by all deposits and investments. There was no balance due on the line at June 30, 2022.

**NOTE 18 LEASES**

OMA owns the land on which it is situated and leases adjacent land from the City of Orlando. The land is utilized as parking in Loch Haven Park and maintained to benefit the residents of the City of Orlando. Under the terms of the lease, which expires in 2057, annual rent is \$1. The contributed value of the lease is not presented in the financial statements.

**ORLANDO MUSEUM OF ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 19 PAYCHECK PROTECTION PROGRAM**

On March 16, 2021, the Organization received proceeds in the amount of \$246,491 to fund payroll, rent, utilities, and interest on mortgages and existing debt through an additional Paycheck Protection Program (2nd Round of PPP Funding). The 2<sup>nd</sup> Round of PPP Funding loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. As of June 30, 2022, the SBA has formally forgiven the entire portion of OMA's obligation under this 2<sup>nd</sup> PPP loan. Therefore, OMA recognized \$249,491 of revenue as a forgiveness of debt for the year ended June 30, 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

**NOTE 20 RISKS AND UNCERTAINTIES**

The Organization is subject to federal audits to determine compliance with grant funding requirements. In the event that expenditures would be disallowed, repayment could be required. Government grants require the fulfillment of certain conditions as set forth by applicable laws, rules, and regulations, and in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to grantor.