



*Founded in 1967 as the
Hidalgo County Historical Museum*

***Financial Statements
and
Auditors' Report***

December 31, 2021 and 2020

**Financial Statements
And
Independent Auditors'
Report**

MUSEUM OF SOUTH TEXAS HISTORY

December 31, 2021 and 2020

MUSEUM OF SOUTH TEXAS HISTORY
December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Museum of South Texas History
Edinburg, Texas

Opinion

We have audited the accompanying financial statements of the Museum of South Texas History (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, and cash flows for the years 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 the Museum of South Texas History as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Museum of South Texas History and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum of South Texas History's ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Carr, Riggs & Ingram, L.L.C.

McAllen, Texas
June 16, 2022

FINANCIAL STATEMENTS

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF FINANCIAL POSITION
December 31,

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,469,187	\$ 1,101,276
Investments	4,772,657	4,389,057
Interest receivable	-	13,593
Pledges receivable (net)	90,877	131,772
Inventory	26,627	39,461
Other current assets	24,750	23,642
Total Current Assets	6,384,098	5,698,801
Noncurrent Assets		
Property, plant and equipment (net of accumulated depreciation)	6,666,318	7,002,156
Total Noncurrent Assets	6,666,318	7,002,156
TOTAL ASSETS	<u>\$ 13,050,416</u>	<u>\$ 12,700,957</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 84,419	\$ 57,767
Accrued expenses	57,156	66,091
Contract liabilities	69,825	-
Refundable advances	12,681	36,917
Loans payable	-	187,000
Total Current Liabilities	224,081	347,775
Total Liabilities	224,081	347,775
Net Assets		
Without donor restrictions	10,130,404	9,786,096
With donor restrictions	2,695,931	2,567,086
Total Net Assets	12,826,335	12,353,182
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,050,416</u>	<u>\$ 12,700,957</u>

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

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES
Year End December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support			
Grants and contributions	\$ 663,652	\$ 1,600	\$ 665,252
In-kind donations	58,280	-	58,280
Grants from local government agencies	660,000	95,000	755,000
Fundraising events	174,807	-	174,807
Annual donations	360,970	-	360,970
Investment income	41,938	41,594	83,532
Net unrealized and realized gains on long-term investments	183,817	215,349	399,166
Admission charges	68,066	-	68,066
Auxiliary activities	268,556	-	268,556
Rents and royalties	15,857	-	15,857
Other	2,745	-	2,745
Net assets released from restrictions			
Satisfaction of use restrictions	224,698	(224,698)	-
Total Operating Revenues, Gains, and Other Support	<u>2,723,386</u>	<u>128,845</u>	<u>2,852,231</u>
Operating Expenses			
Program Services			
Archives, exhibits and collections	271,047	-	271,047
Education programs	103,715	-	103,715
General program services	1,367,606	-	1,367,606
Total Program Services	<u>1,742,368</u>	<u>-</u>	<u>1,742,368</u>
Supporting Services			
Management and general	270,043	-	270,043
Costs of direct donor benefits	27,281	-	27,281
Fundraising	255,799	-	255,799
Auxiliary services	83,136	-	83,136
Total Supporting Services	<u>636,259</u>	<u>-</u>	<u>636,259</u>
Total Operating Expenses	<u>2,378,627</u>	<u>-</u>	<u>2,378,627</u>
Changes in Net Assets from Operations	<u>344,759</u>	<u>128,845</u>	<u>473,604</u>
Collection items purchased but not capitalized	451	-	451
Change in Net Assets	344,308	128,845	473,153
Beginning Net Assets	<u>9,786,096</u>	<u>2,567,086</u>	<u>12,353,182</u>
Ending Net Assets	<u>\$ 10,130,404</u>	<u>\$ 2,695,931</u>	<u>\$ 12,826,335</u>

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

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES
Year End December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support			
Grants and contributions	\$ 147,360	\$ 3,600	\$ 150,960
In-kind donations	46,591	-	46,591
Grants from local government agencies	658,000	95,000	753,000
Fundraising events	166,589	-	166,589
Annual donations	421,106	-	421,106
Investment income	32,212	31,057	63,269
Net unrealized and realized gains on long-term investments	71,769	74,756	146,525
Admission charges	19,776	-	19,776
Auxiliary activities	44,696	-	44,696
Rents and royalties	14,069	-	14,069
Other	6,567	-	6,567
Net assets released from restrictions			
Satisfaction of use restrictions	570,682	(570,682)	-
Total Operating Revenues, Gains, and Other Support	<u>2,199,417</u>	<u>(366,269)</u>	<u>1,833,148</u>
Operating Expenses			
Program Services			
Archives, exhibits and collections	199,676	-	199,676
Education programs	41,097	-	41,097
General program services	1,242,222	-	1,242,222
Total Program Services	<u>1,482,995</u>	<u>-</u>	<u>1,482,995</u>
Supporting Services			
Management and general	286,558	-	286,558
Costs of direct donor benefits	25,990	-	25,990
Fundraising	218,888	-	218,888
Auxiliary services	47,490	-	47,490
Total Supporting Services	<u>578,926</u>	<u>-</u>	<u>578,926</u>
Total Operating Expenses	<u>2,061,921</u>	<u>-</u>	<u>2,061,921</u>
Changes in Net Assets from Operations	<u>137,496</u>	<u>(366,269)</u>	<u>(228,773)</u>
Collection items purchased but not capitalized	<u>781</u>	<u>-</u>	<u>781</u>
Change in Net Assets	136,715	(366,269)	(229,554)
Beginning Net Assets	<u>9,649,381</u>	<u>2,933,355</u>	<u>12,582,736</u>
Ending Net Assets	<u>\$ 9,786,096</u>	<u>\$ 2,567,086</u>	<u>\$ 12,353,182</u>

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

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF CASH FLOWS
Years Ended December 31,

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 473,604	\$ (228,773)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	392,456	356,410
Collection items purchased	(451)	(781)
Unrealized (gain) on investments	373,258	(33,615)
Noncash debt forgiveness	(187,000)	-
Net change in:		
(Increase) decrease in interest receivable	13,593	5,200
(Increase) decrease in pledges receivable (net)	40,895	(69,346)
(Increase) decrease in other current assets	(1,108)	(5,230)
(Increase) decrease in inventory	12,834	(870)
Increase (decrease) in accounts payable	26,652	13,824
Increase (decrease) in accrued expenses	(8,935)	8,443
Increase (decrease) in contract liabilities	69,825	(18,564)
Increase (decrease) in refundable advances	(24,236)	16,917
Net cash provided by operating activities	<u>1,181,387</u>	<u>43,615</u>
Cash Flows from Investing Activities		
Proceeds from investment sales	3,969,836	1,978,774
Purchase of investments	(4,726,694)	(1,828,314)
Acquisitions of property, plant, and equipment	(56,618)	(503,079)
Net cash used by investing activities	<u>(813,476)</u>	<u>(352,619)</u>
Cash Flows from Financing Activities:		
Proceeds from loans payable	<u>-</u>	<u>187,000</u>
Net cash provided by financing activities	<u>-</u>	<u>187,000</u>
Net increase (decrease) in cash and cash equivalents	367,911	(122,004)
Cash and cash equivalents, beginning of year	1,101,276	1,223,280
Cash and cash equivalents, end of year	<u><u>\$ 1,469,187</u></u>	<u><u>\$ 1,101,276</u></u>

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

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

On February 20, 1967, the Hidalgo County Historical Museum (Museum) was chartered by the Texas Secretary of State as a nonprofit education organization. On June 18, 2002, the Board voted to change the name to the Museum of South Texas History (MOSTH) to better reflect the scope of work done at the Museum. MOSTH is located at 200 North Closner Boulevard, Edinburg, Texas. The Museum of South Texas History received its accreditation from the American Alliance of Museums in 2013. MOSTH's purpose is to increase and diffuse knowledge and appreciation of history and to that end establish and maintain, in the City of Edinburg, a museum and reference library to collect and preserve objects of historic interest, to protect historic sites from needless destruction, to provide facilities for research and publication, and to offer popular instruction and opportunities for aesthetic enjoyment. The charter evolved from the efforts of the Hidalgo County Historical Survey Committee. MOSTH is governed by an appointed Board of Trustees (The Board). The mission statement adopted by the Board is, "To preserve and present the borderland heritage of South Texas and Northeastern Mexico." The current vision statement adopted by the Board is, "The Museum of South Texas History will utilize its resources to be a trusted, internationally recognized interpretative and research center through the use of our resources, including archival and artifact collections. We will share the blended and unique heritage of South Texas and Northeastern Mexico through exhibits, programs and activities—seeking to promote dialogue, educate our communities and inspire the people of our region and beyond."

Funding is primarily provided by public contributions, program and exhibit fees, investment income, special fundraising events, and government grants and contributions.

B. Basis of Accounting and Presentation

MOSTH reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. To ensure observance of limitations and restrictions placed on the use of resources available, MOSTH's accounts are maintained in accordance with accounting principles generally accepted in the United States of America.

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. From time to time MOSTH's board will choose to place limitations on unrestricted net assets. These are disclosed in the notes to the financial statements as board designated net assets.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of MOSTH and/or the passage of time or maintained permanently by MOSTH. When a restriction expires, donor restricted net assets are reclassified to without donor restrictions and reported in the statement of activities as satisfaction of program/use restrictions. Generally, the donors of these assets permit MOSTH to use all or part of the income earned on any related investments for general or specific purposes.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

C. Estimates

The preparation of the 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 statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

D. Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Cash, pledges receivable, accounts payable and accrued liabilities: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of these instruments.

E. Revenue Recognition

MOSTH accounts for contributions in accordance with the recommendations of the FASB Accounting Standards Codification (ASC) 958-605 (Not-for Profit Entities – Revenue Recognition).

In accordance with ASC 958-605, contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions.

School contracts, teacher workshops, merchandise, and book sales, which are included in auxiliary activities, admission charges, rental fees, and exchange portion of fundraiser activities and memberships, which are included in annual donations, are accounted for under ASC Topic 606, Revenue from Contracts with Customers ASC 606, recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Museum recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured. Income from contracts with customers received in advance are deferred and recognized over the periods to which the dates and fees relate. These amounts are included in contract liabilities within the statements of financial position.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

E. Revenue Recognition (Continued)

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or restriction purpose is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

F. Pledges

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

G. Cash and Cash Equivalents

For the purpose of the statement of cash flows, MOSTH considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

H. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

In accordance with the endowment investment policy of MOSTH, designed in accordance with UPMIFA, a portion of the endowment funds are invested under the guidance of a third party investment manager.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

I. Property, Plant, and Equipment

It is MOSTH's policy to capitalize property and equipment with an original cost over \$1,000 and useful life exceeding one year. Lesser amounts are expensed. Plant Fund resources are utilized for the acquisition of land, buildings, and equipment. Property, plant, and equipment are depreciated or amortized using the straight line-method over the estimated useful lives of the asset classes below:

Furniture and fixtures	5-10 years
Buildings and improvements	10-40 years
Intangible assets	10 years
Permanent exhibits	20 years

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, MOSTH reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. MOSTH reclassifies net assets with donor restrictions to net assets without donor restrictions.

Depreciation and amortization are charged against current operations. Expenditures for major additions and improvements are capitalized. Routine maintenance, repairs, and replacement costs are expensed. When equipment or other property is disposed of, the cost and related accumulated depreciation is removed from the respective accounts, and any gain or loss is reflected in the results of operations.

J. Collections

MOSTH maintains permanent collections pertaining to Northeastern Mexico and South Texas. These holdings are both two and three-dimensional artifacts ranging from prehistoric materials to items of contemporary culture. Collection strengths include numerous artifacts pertaining to farming and ranching with a large photographic archive. MOSTH maintains, separate from the permanent collection, a collection of items used for hands-on-activities or other educational purposes.

In conformity with industry standards, historical objects purchased and donated are not capitalized or included as assets in the financial statements. Exhibits constructed are recorded at the cost of construction. Staff and trained volunteers use professionally recognized practices and archival quality materials to care for the collections. MOSTH provides storage and display environments that safeguard the artifacts from deleterious conditions.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

J. Collections (Continued)

Funds realized from the sale of deaccessioned items may be used only for acquisition or direct care of collections. Thus when an object is sold, the funds generated should be used to either replace the object with another that has relevance, importance or use to the Museum's mission (acquisition), or to invest in the existing collections by enhancing their life, usefulness or quality and thereby ensuring they will continue to benefit the public (direct care).

K. Inventory

Inventory is tracked perpetually and stated at cost. Inventories consist of the Museum's store merchandise and publications.

L. Refundable Advances

Refundable advances represent revenues collected but not earned as of December 31, 2021 and 2020. This is primarily composed of revenue from grants that are conditional with a refunding provision noted in the contract.

M. Expense Allocation

The cost of providing various programs and supporting services have been summarized on a functional basis in the statement of activities and presented by nature and function in Note 22. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. Accordingly, costs have been allocated among the program and supporting services benefited. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; depreciation and utilities are allocated based on the square footage of the Museum. Bank charges are broken down by account and allocated either 100% towards general management, or in the case of credit card fees, 50% program and 50% fundraising.

N. Federal Income Tax Status

MOSTH is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. However, rental income and earnings from certain activities not directly related to MOSTH's tax-exempt purpose are subject to taxation as unrelated business income. In addition, MOSTH qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). MOSTH's federal income tax returns remain open for possible examination for a period of three years after the respective filing of those returns.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

O. Contributed Services

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. Contributed services that do not meet the above criteria are not recognized.

P. Fair Value Measurements

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principle market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that MOSTH has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the assets or liabilities, which are typically based on the entity's own assumptions, as there is little, if any, related market value.

NOTE 2 – RECENT FINANCIAL ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Museum is currently evaluating the impact of the guidance on its financial statements.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 – RECENT FINANCIAL ACCOUNTING PRONOUNCEMENTS *(Continued)*

NOTE: ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities, amended the effective date of ASU 2016-02 for certain organizations. Specifically, private companies and private not-for-profit organizations may apply the new leases standard for fiscal years beginning after December 15, 2021, and to interim periods within fiscal years beginning after December 15, 2022. Public not-for-profit organizations that have not yet issued (or made available to issue) financial statements reflecting the adoption of the leases guidance may apply the standard for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK RELATED TO CASH DEPOSITS

MOSTH maintains cash balances at multiple financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021, MOSTH had \$201,718 in uninsured cash balances. At December 31, 2020, MOSTH did not have any uninsured cash balances.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects MOSTH's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Amounts available include the Board-approved appropriation from the endowment fund for the following year as well as donor-restricted amounts that are available for expenditure in the following year.

	2021	2020
Cash and cash equivalents	\$ 1,469,187	\$ 1,101,276
Investments	4,772,657	4,389,057
Interest receivable	-	13,593
Pledges receivable (net)	90,877	131,772
Less: those not available for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(89,961)	(126,921)
Endowments required to be maintained in perpetuity by donor	(1,900,000)	(1,900,000)
Accumulated investment gains subject to distribution policy	(705,970)	(540,165)
Board designation:		
Designated for emergencies	(834,705)	(776,909)
Quasi-endowment	(1,225,000)	(1,225,000)
Accumulated investment gains subject to distribution policy	(559,975)	(432,731)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,017,110</u>	<u>\$ 633,972</u>

In addition to financial assets available to meet general expenditures over the next year, the Museum operates with a balanced budget and anticipates covering its general expenditures through grants, contributions, auxiliary activities and fundraising. There is a fund established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 – INVESTMENT SECURITIES - FAIR VALUE AND UNREALIZED GAINS AND LOSSES

Investment securities are presented at fair value to more accurately reflect their current values. The fair value of investment securities is provided by the custodian of MOSTH's investment accounts. Investments held by MOSTH are considered to have level 1 or level 2 inputs and are therefore included within the level 1 or level 2 hierarchy.

Fair values of investments held are as follows:

	Market Value <u>December 31, 2021</u>	Market Value <u>December 31, 2020</u>
Level 1		
Equity securities	\$ 4,772,657	\$ 3,115,525
Bonds:		
Corporate	-	123,478
Total	<u>4,772,657</u>	<u>3,239,003</u>
Level 2		
Agency securities	-	66,649
Bonds:		
Corporate	-	146,947
Municipal	-	936,458
Total	<u>-</u>	<u>1,150,054</u>
Grand Total	<u><u>\$ 4,772,657</u></u>	<u><u>\$ 4,389,057</u></u>

Agency securities and corporate bonds classified in Level 2 are valued based on observed trades. Municipal bonds classified in Level 2 are valued using the market value pricing model and observed trades.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 – INVESTMENT SECURITIES - FAIR VALUE AND UNREALIZED GAINS AND LOSSES *(Continued)*

Total investment return for all funds as of December 31, 2021 and 2020 was \$482,698 and \$209,794, respectively. Investment returns consist of the following:

	2021	2020
Interest and dividends	\$ 119,169	\$ 97,139
Realized gain	772,424	112,910
Unrealized gain	(373,258)	33,615
Subtotal	518,335	243,664
Less: Investment expenses	(35,637)	(33,870)
Total Investment Return	\$ 482,698	\$ 209,794

Investment expenses consist of fees paid to the investment manager as well as transaction fees for purchases and sales of investment securities. No excise tax was due related to investment income.

Investment categories fluctuate periodically due to active portfolio management. The investment portfolios are managed by a third-party investment manager who manages the portfolio within the constraints of the investment policies of MOSTH.

NOTE 6 – PLEDGES RECEIVABLE

MOSTH conducts an annual campaign each year to raise funds needed for daily operations. An allowance of \$25,151 and \$79,742 has been established for estimated uncollectible pledges for 2021 and 2020, respectively.

Pledges receivable totaled \$116,028 and \$211,514 as of December 31, 2021 and 2020, respectively, and are expected to be collected as follows:

	2021	2020
Receivables in less than one year	\$ 116,028	\$ 211,514
Less allowance for doubtful accounts	(25,151)	(79,742)
Total Receivable	\$ 90,877	\$ 131,772

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 – INVENTORY

At December 31, 2021 and 2020, MOSTH's inventory consisted of the following:

	2021	2020
Books	\$ 8,732	\$ 8,047
Other store merchandise	17,895	31,414
	<u>26,627</u>	<u>39,461</u>
Total	<u>\$ 26,627</u>	<u>\$ 39,461</u>

Shipping and handling costs are excluded from the value of items included in inventory.

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

	2021	2020
Land and improvements	\$ 1,801,676	\$ 1,801,675
Furniture, fixtures, and equipment	251,986	230,877
Permanent exhibits	2,828,348	2,484,055
Buildings and improvements	7,473,983	7,453,964
Construction in progress	8,500	337,303
	<u>12,364,493</u>	<u>12,307,874</u>
Property and equipment	12,364,493	12,307,874
Less: Accumulated depreciation	<u>(5,698,175)</u>	<u>(5,305,718)</u>
Property and equipment, net	<u>\$ 6,666,318</u>	<u>\$ 7,002,156</u>

In June 1988, MOSTH acquired the building and land adjacent to the original structure (1910 Hidalgo County Jail) from Noble Walker and Associates of Austin. H. E. Butt Grocery (H-E-B) had owned and operated a grocery store on this property which was subsequently converted for use as governmental offices. Since that time, MOSTH has been raising funds and making significant capital expenditures for the purpose of expanding, improving, and modifying the facility and surrounding property.

In 2002, a new two story wing was added on the site of the parking lot. Renovations of the H-E-B building and installation of the exhibits were completed in 2003. The archive renovation was completed in 2004. These capital expenditures are classified according to their nature and depreciated pursuant to the lives described in Note 1.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT *(Continued)*

A major fund-raising campaign, Project Preservation, began in 2004. The purpose was to provide funds to pay for the purchase of the adjacent property owned by Risica & Sons and its conversion to additional parking and program space, a master plan for stabilization of the historic 1910 Hidalgo County Jail, a new jail roof, and completion of the River Crossroads portion of the Rio Grande Legacy exhibit.

Depreciation for 2021 and 2020 was \$392,456 and \$356,409, respectively.

In 2009, the Save Our Jail fund-raising campaign began. The purpose was to provide funds for the restoration and maintenance of the 1910 Jail and installation of exhibits.

Some artifacts and pieces of furniture are loaned to MOSTH. Their values are not reflected in the financial statements.

NOTE 9 – REFUNDABLE ADVANCES

Refundable advances at December 31, 2021 and 2020 consist of:

	2021	2020
Raul Tijerina Jr. Foundation	\$ -	\$ 14,748
Humanities of Texas	10,000	-
Betty Stieren Kelso Foundation	2,681	22,169
	<hr/>	<hr/>
Total	\$ 12,681	\$ 36,917
	<hr/>	<hr/>

NOTE 10 – LOANS PAYABLE

In April of 2020, the Museum signed a promissory note with PlainsCapital Bank guaranteed by the U.S. Small Business Administration (SBA) under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security Act (the Act) for \$187,000. The note is for two years at a 1% interest rate. However, section 1106 of the Act provides forgiveness of up to the full amount of the loan and any accrued interest. In March of 2021, the loan was forgiven.

In March of 2021, the Museum signed a second promissory note with PlainsCapital Bank guaranteed by the U.S. Small Business Administration (SBA) under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security Act (the Act) for \$187,537. The note is for two years at a 1% interest rate. However, section 1106 of the Act provides forgiveness of up to the full amount of the loan and any accrued interest. In August of 2021, the loan was forgiven. As of December 31, 2021, there are no loans payable outstanding.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 11 – DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

MOSTH's Board of Directors has designated net assets without donor restrictions at December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Operating Fund		
Subject to expenditure for specific purpose:		
Emergency Reserve	\$ 834,705	\$ 776,909
Endowment Fund		
Subject to expenditure for specific purpose:		
Quasi-endowment	<u>1,784,975</u>	<u>1,657,731</u>
Total designated net assets without donor restrictions	<u>\$ 2,619,680</u>	<u>\$ 2,434,640</u>

MOSTH has several board-designated endowments (quasi-endowments). These were contributions or bequests, which were originally unrestricted, that were received by MOSTH and designated by the board as being part of the Endowment Fund. These are considered to be net assets without donor restrictions, since the restriction on such funds was created internally. These amounts are captioned within the financial statements as net assets without donor restrictions.

In May of 2010, MOSTH executed an oil and gas lease with Newfield Production Company for a mineral interest (.01%) in Uintah County, Utah received as part of the Mary Ellen McFadden Endowment. Newfield requested and received approval in 2011 to establish 40-acre drilling and spacing units and to pool all interests in the Green River Formation included in this lease.

Producing wells have been developed. Royalties received in 2021 and 2020 amounted to \$10,317 and \$7,648, which represented production through October of the respective years.

The Board elected to restrict the royalties from these interests as part of the quasi-endowment. In 2015, the Board limited the principal amount of the corpus to \$500,000, including past royalty earnings and the initial contribution.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Operating Fund		
Subject to expenditure for specific purpose:		
Hotel/Motel - tourism/promotion	\$ 22,981	\$ 37,926
Archives - support/purchase	24,745	24,195
Plant Fund		
Subject to expenditure for specific purpose:		
Memorial bricks	6,851	6,651
South Texas Heritage - public art project	5,244	5,244
Endowment Fund		
Subject to spending policy:		
Investment in perpetuity (\$1,900,000), the income from which is subject to spending policy:		
Endowments and cumulative earnings	2,605,970	2,440,165
Legacy Park Fund		
Subject to expenditure for specific purpose:		
Legacy Park - development	30,140	29,290
Save Our Jail Fund		
Subject to expenditure for specific purpose:		
Jail renovation and exhibits	<u>-</u>	<u>23,615</u>
Total net assets with donor restrictions	<u>\$ 2,695,931</u>	<u>\$ 2,567,086</u>

The City of Edinburg distributes a portion of its hotel occupancy tax to MOSTH. The use of these funds is restricted to expenditures that directly enhance and promote tourism, the convention and hotel industry, and historical preservation. This resource is maintained in a separate bank account.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 13 – ENDOWMENT FUND NET ASSET BREAKDOWN

The following tables show the reconciliations between the beginning and ending net assets in the endowment fund:

<u>With donor restrictions</u>	2021	2020
Campaign of Discovery	\$ 1,150,000	\$ 1,150,000
Cumulative earnings	512,821	408,103
	<u>1,662,821</u>	<u>1,558,103</u>
Guerra Trust	150,000	150,000
Cumulative earnings	64,585	50,543
	<u>214,585</u>	<u>200,543</u>
Schaleben	100,000	100,000
Cumulative earnings	26,970	18,719
	<u>126,970</u>	<u>118,719</u>
Edinburg Foundation	500,000	500,000
Cumulative earnings	101,594	62,800
	<u>601,594</u>	<u>562,800</u>
Total with donor restrictions	<u>\$ 2,605,970</u>	<u>\$ 2,440,165</u>
<u>Without donor restrictions</u>	2021	2020
McFadden	\$ 500,000	\$ 500,000
Cumulative earnings	304,440	243,270
	<u>804,440</u>	<u>743,270</u>
O'Leary	400,000	400,000
Cumulative earnings	141,000	104,544
	<u>541,000</u>	<u>504,544</u>
Gary White	325,000	325,000
Cumulative earnings	114,536	84,917
	<u>439,536</u>	<u>409,917</u>
Total without donor restrictions	<u>\$ 1,784,976</u>	<u>\$ 1,657,731</u>

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 13 – ENDOWMENT FUND NET ASSET BREAKDOWN *(Continued)*

The Endowment Fund was established with a restricted donation from Margaret and Argyle McAllen. The Campaign of Discovery capital campaign, which expanded the existing facility and the permanent exhibit sequence, specified that \$1,000,000 would be added to the Endowment Fund. The Museum exceeded the \$1,000,000 mark set by the Campaign of Discovery capital campaign for restricted donations by \$150,000. Pledges of \$150,000 were received for a named endowment in honor of Mrs. Rafael A. (Carmen) Guerra. At the end of 2015, \$250,000 was received from the Edinburg Foundation, Inc. in fulfillment of its challenge grant. In January of 2016, MOSTH transferred \$250,000 in matching funds to fully fund the Edinburg Foundation, Inc. Endowment, designated for maintenance of MOSTH's facilities. The Schaleben endowment was initiated with a restricted donation in honor of Ray Schaleben, a longtime supporter of the Museum. Through additional restricted donations from friends of Mrs. Schaleben, the \$100,000 threshold to become a named endowment was reached in 2013.

Effective September 1, 2007, the State of Texas adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which governs Texas charitable institutions with respect to the management, investment, and expenditure of donor-restricted endowment funds.

The Board of Directors has interpreted Texas' adoption of UPMIFA as requiring MOSTH to adopt investment and spending policies that preserve the fair value of the original gift as of the date of the gift, absent donor stipulations to the contrary. Although MOSTH has a long-term fiduciary duty to the donor (and others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment's original gift may be appropriated for expenditure in support of the restricted purposes of the endowment, if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, MOSTH classifies as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net earnings (realized and unrealized) on the investment of net assets with donor restrictions are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by MOSTH in a manner consistent with the purpose or time restriction, if any, imposed by the donor.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 13 – ENDOWMENT FUND NET ASSET BREAKDOWN (Continued)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year, January 1, 2021	\$ 1,657,731	\$ 2,440,165	\$ 4,097,896
Change in endowment net assets:			
Investment income	27,077	41,572	68,649
Net unrealized and realized gains on long-term investments	139,906	215,349	355,255
Royalties	10,317	-	10,317
Other	963	-	963
Appropriation for expenditures	91,116	(91,116)	-
Transfers out	(142,134)	-	(142,134)
Total endowment funds as of December 31, 2021	<u>\$ 1,784,976</u>	<u>\$ 2,605,970</u>	<u>\$ 4,390,946</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year, January 1, 2020	\$ 1,630,037	\$ 2,418,753	\$ 4,048,790
Change in endowment net assets:			
Investment income	20,056	31,012	51,068
Net unrealized and realized losses on long-term investments	48,140	74,756	122,896
Royalties	7,648	-	7,648
Other	682	-	682
Appropriation for expenditures	84,356	(84,356)	-
Transfers out	(133,188)	-	(133,188)
Total endowment funds as of December 31, 2020	<u>\$ 1,657,731</u>	<u>\$ 2,440,165</u>	<u>\$ 4,097,896</u>

The objectives of the investment policy for the donor restricted endowment assets are to preserve the purchasing power while protecting the principal against permanent loss, to generate a sufficient return to provide sustainable funding for current needs and to grow the principal of the endowment to protect from inflation. Risk parameters are specified to prohibit total equity investments from exceeding 75 percent of assets with no single position exceeding 5 percent. The annual spending objective is to use up to 4 ½ percent of a five year rolling market value of average assets. Approval of 80 percent of the Board is required if principal invasion is required to meet the spending objective.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 13 – ENDOWMENT FUND NET ASSET BREAKDOWN *(Continued)*

In 2021 and 2020, the transfers from the Endowment Fund to the Operating Fund, in accordance with the investment policy, were \$142,134 and \$133,188, respectively.

NOTE 14 – GRANTS AND CONTRIBUTIONS

Grants in 2021 and 2020 were as follows:

	2021	2020
UTRGV	\$ -	\$ 12,000
Raul Tijerina Jr. Foundation	14,748	5,252
Betty Stieren Kelso Foundation	19,488	32,831
IMAS	-	250
BBVA Compass Bank	-	2,500
Humanities Texas	-	15,000
Summerlee Foundation	-	20,000
City of Edinburg	-	2,000
H-E-B	-	50,000
Smithonian Center	9,000	-
SBA - First PPP Loan Forgiveness	187,000	-
SBA - Second PPP Loan Forgiveness	187,537	-
SBA - SVOG	214,335	-
University of Texas	15,000	-
Total	<u>\$ 647,108</u>	<u>\$ 139,833</u>

The remaining \$18,144 and \$11,127 consist of miscellaneous contributions for 2021 and 2020, respectively.

NOTE 15 – GRANTS FROM LOCAL GOVERNMENT AGENCIES

Grant revenue in the Operating Fund from local government agencies in 2021 and 2020 is as follows:

	2021	2020
City of Edinburg	\$ 255,000	\$ 255,000
Hidalgo County	460,000	460,000
City of McAllen	40,000	38,000
Total	<u>\$ 755,000</u>	<u>\$ 753,000</u>

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 16 – SPECIAL EVENTS

MOSTH has traditionally conducted two annual special events. The revenue generated from these events and the corresponding expenses are as follows:

	2021			
	Heritage Gala	Fandango	Shootout	Total
Revenue	\$ 500	\$ 152,607	\$ 21,700	\$ 174,807
Cost of direct donor benefits	-	(19,967)	(7,314)	(27,281)
Direct expenses	(21,752)	(63,715)	-	(85,467)
Total	<u>\$ (21,252)</u>	<u>\$ 68,925</u>	<u>\$ 14,386</u>	<u>\$ 62,059</u>

	2020		
	Heritage Gala	Fandango	Total
Revenue	\$ 2,640	\$ 163,949	\$ 166,589
Cost of direct donor benefits	-	(25,990)	(25,990)
Direct expenses	(5,344)	(47,523)	(52,867)
Total	<u>\$ (2,704)</u>	<u>\$ 90,436</u>	<u>\$ 87,732</u>

Heritage Gala is held at the conclusion of the Heritage Associate portion of the Annual Campaign to recognize donors to MOSTH's Operating Fund contributing \$1,500 or more. Funds raised by the Annual Campaign are reflected as annual donations in the Statement of Activities. Thus, the revenue and expenses reflected above for the Heritage Gala must be linked to the \$332,500 and \$398,111 raised in the annual campaigns for 2021 and 2020, respectively, to reflect the true impact of this effort. Benefits given to donors are for the designated calendar year.

NOTE 17 – AUXILIARY ACTIVITIES

Additional revenue is earned by providing services and through the sale of merchandise and publications related to MOSTH's mission.

Revenues from these activities for 2021 and 2020 were as follows:

	2021	2020
Student, school, and class fees	\$ 121,856	\$ 24,029
General merchandise sales	138,551	13,505
Book sales	8,149	7,162
Total	<u>\$ 268,556</u>	<u>\$ 44,696</u>

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 18 – IN-KIND DONATIONS

As described in Note 1, volunteers contributed substantial services to MOSTH in various capacities. Operating Fund donations that had values assigned and met the requirements of generally accepted accounting principles are as follows:

	2021	2020
Professional services	\$ -	\$ 1,075
Advertising	6,650	8,757
Fandango	51,630	36,759
Total	<u>\$ 58,280</u>	<u>\$ 46,591</u>

NOTE 19 – LEASES

MOSTH leases the land on which its original building is located under a non-cancellable operating lease with Hidalgo County. The lease agreement has a term of 99 years, and commenced on June 12, 1968. The lease requires an annual payment of \$1 and the fulfillment of certain covenants, such as payment for improvements and maintenance, as consideration. The value of the land used for the jail has not been recognized since the value is not considered material to the financial statements taken as a whole.

NOTE 20 – EMPLOYEE BENEFIT PLAN

The following description of the Museum of South Texas Simplified Employee Pension Plan (the Plan) provides only general information. Participants should refer to the Summary Plan Description for a more thorough description of the Plan's provisions. The Plan is a defined contribution plan covering all employees of MOSTH who have completed six months of employment. An employee may enter the Plan in the quarter beginning after the date on which an employee meets the eligibility requirement.

During the Plan year ended December 31, 2021 and 2020, MOSTH elected to contribute five percent of employees' base salary to the Plan. Contributions were \$42,694 and \$36,075, respectively. The plan is self-directed by the individual employees. The trustee is Wells Fargo Advisors or another agent if the employee so designates.

NOTE 21 – COMMITMENTS

At December 31, 2021, MOSTH did not have outstanding commitments. At December 31, 2020, MOSTH had an outstanding commitment of approximately \$15,490 for the permanent exhibits and staging of the 1910 jail restoration and renovation.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 22 – RELATED PARTIES

Certain members of the Board are officers at local financial institutions. Deposits at these institutions were \$254,863 and \$254,309 for 2021 and 2020, respectively.

NOTE 23 – REVENUE CONCENTRATIONS

A significant portion of the Museum's revenues consist of grants from local government agencies. The Museum received \$460,000 or 61% of grants from the County of Hidalgo in both 2021 and 2020, respectively.

The Museum also received \$255,000 or 34% of local government grants from the City of Edinburg in 2021 and 2020, respectively.

Fundraising revenues are a significant portion of the Museum's revenues. The Fandango event raised revenues of \$152,607 and \$163,949 in 2021 and 2020, respectively. This is 87% and 98% of total fundraising revenues for 2021 and 2020, respectively.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 24 – REVENUE

The Museum recognized school contract revenues of \$121,856 and \$24,029 in 2021 and 2020, respectively. 100% of the beginning balance of contract liabilities of \$18,564 were recognized during 2020. As of December 31, 2021, there is \$69,450 of performance obligations to be satisfied 100% in 2022. These performance obligations are recorded upon contract agreements with school districts and revenue is recognized over time based upon completion of school tours.

The Museum recognized UTRGV contract revenues of \$79,615 in 2021, respectively. As of December 31, 2021, there are no performance obligations to be satisfied. These performance obligations are recorded upon contract agreements with UTRGV and revenue is recognized over time based upon completion of teacher workshops.

The Museum recognized admissions, merchandise and book sales, rental fees, and exchange portions of fundraiser activities and memberships at a point of time of \$231,364 and \$127,006 in 2021 and 2020, respectively. As of December 31, 2021, there is \$375 of performance obligations to be satisfied 100% in 2022. These performance obligations are recorded upon exchange of goods or services.

A summary of disaggregated revenue information follows:

<i>For the years ended December 31,</i>	2021	2020
Contracts with customers		
Recognized over time	\$ 201,471	\$ 24,029
Recognized at a point of time	231,364	127,006
Grants, contributions, and donations (non-exchange)	1,923,636	1,457,601
Other revenue (non-exchange)	495,760	224,512
Total revenue	\$ 2,852,231	\$ 1,833,148

Contracts with customers balances at December 31, 2021 and 2020 consists of:

	2021	2020
Contract liabilities, beginning of the year	\$ -	\$ 18,564
Contract liabilities, end of the year	69,825	-
Receivable from contracts, beginning of the year	-	855
Receivable from contracts, end of the year	-	-

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 25 - ALLOCATION OF FUNCTIONAL EXPENSES

Allocation of expenses for MOSTH to functional categories for the year ended December 31, 2021 are as follows:

	Program Services	Management and General	Fundraising	Auxiliary Services	Total
Operating Fund					
Salaries	\$ 579,443	\$ 186,646	\$ 135,165	\$ 30,137	\$ 931,391
Employee benefits	65,256	21,020	15,222	3,394	104,892
Payroll taxes	43,737	14,088	10,202	2,275	70,302
Total salaries and related expenses	688,436	221,754	160,589	35,806	1,106,585
Advertising and public relations	63,393	-	-	-	63,393
Archives and exhibits	14,890	-	-	-	14,890
Bad debts	25,151	-	-	-	25,151
Bank charges	3,461	191	-	3,461	7,113
Cost of goods sold	-	-	-	36,097	36,097
Conferences and meetings	2,095	20	22	2	2,139
Contract labor	12,900	-	-	6,354	19,254
Dues and subscriptions	9,981	-	-	-	9,981
Education programs	103,715	-	-	-	103,715
Fundraising (direct)	-	-	85,467	-	85,467
Insurance	85,404	827	900	97	87,228
Miscellaneous	2,013	5,465	2,257	-	9,735
Professional fees	-	29,850	-	-	29,850
Postage/supplies	11,315	6,388	548	-	18,251
Printing/publications	3,420	-	-	-	3,420
Repairs and maintenance	222,328	2,154	2,344	252	227,078
Travel	3,398	33	36	4	3,471
Utilities	89,363	866	942	101	91,272
Total expenses	1,341,263	267,548	253,105	82,174	1,944,090
Plant Fund					
Depreciation	386,325	2,475	2,694	962	392,456
Total expenses	386,325	2,475	2,694	962	392,456
Save Our Jail Fund					
Bank charges	-	20	-	-	20
Repairs and maintenance	14,780	-	-	-	14,780
Total expenses	14,780	20	-	-	14,800
Total for all funds	\$ 1,742,368	\$ 270,043	\$ 255,799	\$ 83,136	\$ 2,351,346

Advertising costs are expensed as incurred. Total advertising costs incurred for 2021 amounted to \$63,393, which includes in-kind contributions of \$6,650.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 25 - ALLOCATION OF FUNCTIONAL EXPENSES (Continued)

Allocation of expenses for MOSTH to functional categories for the year ended December 31, 2020 are as follows:

	Program Services	Management and General	Fundraising	Auxiliary Services	Total
Operating Fund					
Salaries	\$ 448,441	\$ 192,600	\$ 134,419	\$ 23,549	\$ 799,009
Employee benefits	50,895	21,859	15,256	2,673	90,683
Payroll taxes	33,256	14,283	9,968	1,746	59,253
Total salaries and related expenses	532,592	228,742	159,643	27,968	948,945
Advertising and public relations	50,945	-	-	-	50,945
Archives and exhibits	27,418	-	-	-	27,418
Bad debts	20,923	-	-	-	20,923
Bank charges	2,742	56	-	2,742	5,540
Cost of goods sold	-	-	-	11,072	11,072
Conferences and meeting:	3,640	1,709	627	219	6,195
Contract labor	7,090	-	-	3,493	10,583
Dues and subscriptions	12,180	-	-	-	12,180
Education programs	41,097	-	-	-	41,097
Fundraising (direct)	-	-	52,867	-	52,867
Insurance	82,862	1,388	553	158	84,961
Miscellaneous	658	2,526	740	-	3,924
Professional fees	-	35,533	-	-	35,533
Postage/supplies	11,810	6,667	571	-	19,048
Printing/publications	6,444	-	-	-	6,444
Repairs and maintenance	138,140	1,179	508	118	139,945
Travel	433	204	75	26	738
Utilities	96,913	827	356	83	98,179
Total expenses	1,035,887	278,831	215,940	45,879	1,576,537
Plant Fund					
Depreciation	344,123	7,727	2,948	1,611	356,409
Total expenses	344,123	7,727	2,948	1,611	356,409
Save Our Jail Fund					
Bad debts	5,200	-	-	-	5,200
Miscellaneous	97	-	-	-	97
Postage/supplies	68	-	-	-	68
Repairs and maintenance	97,620	-	-	-	97,620
Total expenses	102,985	-	-	-	102,985
Total for all funds	\$ 1,482,995	\$ 286,558	\$ 218,888	\$ 47,490	\$ 2,035,931

Advertising costs are expensed as incurred. Total advertising costs incurred for 2020 amounted to \$50,945, which includes in-kind contributions of \$8,757.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 26 – UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Museum. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

NOTE 27 – SUBSEQUENT EVENTS

For purposes of reporting subsequent events, management has considered events occurring up to June 16, 2022, the date the report was available to be issued.

In February 2022, the Museum's purchased property on Loeb St for an amount of \$211,007.

SUPPLEMENTARY SCHEDULES

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF FINANCIAL POSITION – FUND LEVEL
December 31, 2021 and 2020

	Operating		Plant		Endowment	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 1,183,966	\$ 714,367	\$ 24,129	\$ 23,112	\$ 230,952	\$ 291,960
Investments	612,663	595,008	-	-	4,159,994	3,794,049
Interest receivable	-	1,706	-	-	-	11,887
Pledges receivable (net)	90,877	131,772	-	-	-	-
Inventory	26,627	39,461	-	-	-	-
Other current assets	24,750	23,642	-	-	-	-
Due from other funds	-	490	-	800	-	0
Total Current Assets	1,938,883	1,506,446	24,129	23,912	4,390,946	4,097,896
Noncurrent Assets						
Property, plant and equipment (net of accumulated depreciation)	-	-	6,666,318	6,673,353	-	-
Total Noncurrent Assets	-	-	6,666,318	6,673,353	-	-
TOTAL ASSETS	<u>\$ 1,938,883</u>	<u>\$ 1,506,446</u>	<u>\$ 6,690,447</u>	<u>\$ 6,697,265</u>	<u>\$ 4,390,946</u>	<u>\$ 4,097,896</u>
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable	\$ 84,419	\$ 44,917	\$ -	\$ -	\$ -	\$ -
Accrued expenses	57,156	66,091	-	-	-	-
Due to other funds	-	1,878	-	-	-	-
Contract liabilities	69,825	-	-	-	-	-
Refundable advances	12,681	36,917	-	-	-	-
Loans payable	-	187,000	-	-	-	-
Total Current Liabilities	224,081	336,803	-	-	-	-
Total Liabilities	224,081	336,803	-	-	-	-
Net Assets						
Without donor restrictions	1,667,076	1,107,522	6,678,352	6,685,370	1,784,976	1,657,731
With donor restrictions	47,726	62,121	12,095	11,895	2,605,970	2,440,165
Total Net Assets	1,714,802	1,169,643	6,690,447	6,697,265	4,390,946	4,097,896
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,938,883</u>	<u>\$ 1,506,446</u>	<u>\$ 6,690,447</u>	<u>\$ 6,697,265</u>	<u>\$ 4,390,946</u>	<u>\$ 4,097,896</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF FINANCIAL POSITION – FUND LEVEL
December 31, 2021 and 2020

Legacy Park		Save Our Jail		Eliminations		Total	
2021	2020	2021	2020	2021	2020	2021	2020
\$ 30,140	\$ 29,290	\$ -	\$ 42,547	\$ -	\$ -	\$ 1,469,187	\$ 1,101,276
-	-	-	-	-	-	4,772,657	4,389,057
-	-	-	-	-	-	-	13,593
-	-	-	-	-	-	90,877	131,772
-	-	-	-	-	-	26,627	39,461
-	-	-	-	-	-	24,750	23,642
-	-	-	1,078	-	(2,368)	-	-
30,140	29,290	-	43,625	-	(2,368)	6,384,098	5,698,801
-	-	-	328,803	-	-	6,666,318	7,002,156
-	-	-	328,803	-	-	6,666,318	7,002,156
<u>\$ 30,140</u>	<u>\$ 29,290</u>	<u>\$ -</u>	<u>\$ 372,428</u>	<u>\$ -</u>	<u>\$ (2,368)</u>	<u>\$ 13,050,416</u>	<u>\$ 12,700,957</u>
\$ -	\$ -	\$ -	\$ 12,850	\$ -	\$ -	\$ 84,419	\$ 57,767
-	-	-	-	-	-	57,156	66,091
-	-	-	490	-	(2,368)	-	-
-	-	-	-	-	-	69,825	-
-	-	-	-	-	-	12,681	36,917
-	-	-	-	-	-	-	187,000
-	-	-	13,340	-	(2,368)	224,081	347,775
-	-	-	13,340	-	(2,368)	224,081	347,775
-	-	-	335,473	-	-	10,130,404	9,786,096
30,140	29,290	-	23,615	-	-	2,695,931	2,567,086
30,140	29,290	-	359,088	-	-	12,826,335	12,353,182
<u>\$ 30,140</u>	<u>\$ 29,290</u>	<u>\$ -</u>	<u>\$ 372,428</u>	<u>\$ -</u>	<u>\$ (2,368)</u>	<u>\$ 13,050,416</u>	<u>\$ 12,700,957</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES – FUND LEVEL
December 31, 2021 and 2020

	Operating		Plant		Endowment	
	2021	2020	2021	2020	2021	2020
Operating Revenues, Gains, and Other Support						
Grants and contributions	\$ 664,202	\$ 147,810	\$ 200	\$ 2,900	\$ -	\$ -
In-kind contributions	58,280	46,591	-	-	-	-
Grants from local government agencies	755,000	753,000	-	-	-	-
Fundraising events	174,807	166,589	-	-	-	-
Annual donations	360,970	421,106	-	-	-	-
Investment income	14,861	9,655	17	56	68,649	51,068
Net unrealized and realized gains/(losses) on long-term investments	43,911	23,629	-	-	355,255	122,896
Admission charges	68,066	19,776	-	-	-	-
Auxiliary activities	268,556	44,696	-	-	-	-
Rents and royalties	5,540	6,421	-	-	10,317	7,648
Other	1,782	5,885	-	-	963	682
Total Operating Revenues, Gains, and Other Support	2,415,975	1,645,158	217	2,956	435,184	182,294
Operating Expenses						
Program Services						
Archives, collections and exhibits	15,341	28,200	255,706	171,476	-	-
Education programs	103,715	41,097	-	-	-	-
General program services	1,222,207	966,590	130,619	172,647	-	-
Total Program Services	1,341,263	1,035,887	386,325	344,123	-	-
Supporting Services						
Management and general	267,548	278,831	2,475	7,727	-	-
Costs of direct donor benefits	27,281	25,990	-	-	-	-
Fundraising	253,105	215,940	2,694	2,948	-	-
Auxiliary services	82,174	45,879	962	1,611	-	-
Total Supporting Services	630,108	566,640	6,131	12,286	-	-
Total Operating Expenses	1,971,371	1,602,527	392,456	356,409	-	-
Change in Net Assets from Operations	444,604	42,631	(392,239)	(353,453)	435,184	182,294
Other changes						
Transfers out	(41,128)	(40,742)	-	-	(142,134)	(133,188)
Transfers in	142,134	133,188	385,421	198,986	-	-
Total Other Changes	101,006	92,446	385,421	198,986	(142,134)	(133,188)
Change in net assets related to collection items not capitalized	545,610	135,077	(6,818)	(154,467)	293,050	49,106
Collection items purchased but not capitalized	451	781	-	-	-	-
Change in Net Assets	545,159	134,296	(6,818)	(154,467)	293,050	49,106
Beginning Net Assets	1,169,643	1,035,347	6,697,265	6,851,732	4,097,896	4,048,790
Ending Net Assets	\$ 1,714,802	\$ 1,169,643	\$ 6,690,447	\$ 6,697,265	\$ 4,390,946	\$ 4,097,896

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES – FUND LEVEL
December 31, 2021 and 2020

Legacy Park		Save Our Jail		Eliminations		Total	
2021	2020	2021	2020	2021	2020	2021	2020
\$ 850	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ 665,252	\$ 150,960
-	-	-	-	-	-	58,280	46,591
-	-	-	-	-	-	755,000	753,000
-	-	-	-	-	-	174,807	166,589
-	-	-	-	-	-	360,970	421,106
-	-	5	2,490	-	-	83,532	63,269
-	-	-	-	-	-	399,166	146,525
-	-	-	-	-	-	68,066	19,776
-	-	-	-	-	-	268,556	44,696
-	-	-	-	-	-	15,857	14,069
-	-	-	-	-	-	2,745	6,567
850	250	5	2,490	-	-	2,852,231	1,833,148
-	-	-	-	-	-	271,047	199,676
-	-	-	-	-	-	103,715	41,097
-	-	14,780	102,985	-	-	1,367,606	1,242,222
-	-	14,780	102,985	-	-	1,742,368	1,482,995
-	-	20	-	-	-	270,043	286,558
-	-	-	-	-	-	27,281	25,990
-	-	-	-	-	-	255,799	218,888
-	-	-	-	-	-	83,136	47,490
-	-	20	-	-	-	636,259	578,926
-	-	14,800	102,985	-	-	2,378,627	2,061,921
850	250	(14,795)	(100,495)	-	-	473,604	(228,773)
-	-	(344,293)	(158,244)	527,555	332,174	-	-
-	-	-	-	(527,555)	(332,174)	-	-
-	-	(344,293)	(158,244)	-	-	-	-
850	250	(359,088)	(258,739)	-	-	473,604	(228,773)
-	-	-	-	-	-	451	781
850	250	(359,088)	(258,739)	-	-	473,153	(229,554)
29,290	29,040	359,088	617,827	-	-	12,353,182	12,582,736
\$ 30,140	\$ 29,290	\$ -	\$ 359,088	\$ -	\$ -	\$ 12,826,335	\$ 12,353,182

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF ACTIVITIES – OPERATING FUND
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support			
Grants and contributions	\$ 663,652	\$ 550	\$ 664,202
In-kind donations	58,280	-	58,280
Grants from local government agencies	660,000	95,000	755,000
Fundraising events	174,807	-	174,807
Annual donations	360,970	-	360,970
Investment income	14,839	22	14,861
Net unrealized and realized gains on long-term investments	43,911	-	43,911
Admission charges	68,066	-	68,066
Auxiliary activities	268,556	-	268,556
Rents and royalties	5,540	-	5,540
Other	1,782	-	1,782
Net assets released from restrictions			
Satisfaction of use restrictions	109,967	(109,967)	-
Total Operating Revenues, Gains, and Other Support	2,430,370	(14,395)	2,415,975
Operating Expenses			
Program Services			
Archives, collections and exhibits	15,341	-	15,341
Education programs	103,715	-	103,715
General program services	1,222,207	-	1,222,207
Total Program Services	1,341,263	-	1,341,263
Supporting Services			
Management and general	267,548	-	267,548
Costs of direct donor benefits	27,281	-	27,281
Fundraising	253,105	-	253,105
Auxiliary services	82,174	-	82,174
Total Supporting Services	630,108	-	630,108
Total Operating Expenses	1,971,371	-	1,971,371
Change in Net Assets from Operations	458,999	(14,395)	444,604
Other Changes			
Transfers out	(41,128)	-	(41,128)
Transfers in	142,134	-	142,134
Total Other Changes	101,006	-	101,006
Change in net assets related to collection items not capitalized	560,005	(14,395)	545,610
Collection items purchased but not capitalized	451	-	451
Change in Net Assets	559,554	(14,395)	545,159
Beginning Net Assets	1,107,522	62,121	1,169,643
Ending Net Assets	\$ 1,667,076	\$ 47,726	\$ 1,714,802

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF ACTIVITIES – OPERATING FUND
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support			
Grants and contributions	\$ 147,360	\$ 450	\$ 147,810
In-kind donations	46,591	-	46,591
Grants from local government agencies	658,000	95,000	753,000
Fundraising events	166,589	-	166,589
Annual donations	421,106	-	421,106
Investment income	9,610	45	9,655
Net unrealized and realized (losses) on long-term investments	23,629	-	23,629
Admission charges	19,776	-	19,776
Auxiliary activities	44,696	-	44,696
Rents and royalties	6,421	-	6,421
Other	5,885	-	5,885
Net assets released from restrictions Satisfaction of use restrictions	114,292	(114,292)	-
Total Operating Revenues, Gains, and Other Support	1,663,955	(18,797)	1,645,158
Operating Expenses			
Program Services			
Archives, collections and exhibits	28,200	-	28,200
Education programs	41,097	-	41,097
General program services	966,590	-	966,590
Total Program Services	1,035,887	-	1,035,887
Supporting Services			
Management and general	278,831	-	278,831
Costs of direct donor benefits	25,990	-	25,990
Fundraising	215,940	-	215,940
Auxiliary services	45,879	-	45,879
Total Supporting Services	566,640	-	566,640
Total Operating Expenses	1,602,527	-	1,602,527
Changes in Net Assets from Operations	61,428	(18,797)	42,631
Other Changes			
Transfers out	(40,742)	-	(40,742)
Transfers in	133,188	-	133,188
Total Other Changes	92,446	-	92,446
Change in net assets related to collection items not capitalized	153,874	(18,797)	135,077
Collection items purchased but not capitalized	781	-	781
Change in Net Assets	153,093	(18,797)	134,296
Beginning Net Assets	954,429	80,918	1,035,347
Ending Net Assets	\$ 1,107,522	\$ 62,121	\$ 1,169,643

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF ACTIVITIES – PLANT FUND
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support			
Grants and contributions	\$ -	\$ 200	\$ 200
Investment income	17	-	17
Total Operating Revenues, Gains, and Other Support	17	200	217
Operating Expenses			
Program Services			
Archives, collections and exhibits	255,706	-	255,706
General program services	130,619	-	130,619
Total Program Services	386,325	-	386,325
Supporting Services			
Management and general	2,475	-	2,475
Fundraising	2,694	-	2,694
Auxiliary service	962	-	962
Total Supporting Services	6,131	-	6,131
Total Operating Expenses	392,456	-	392,456
Changes in Net Assets from Operations	(392,439)	200	(392,239)
Other Changes			
Transfers in	385,421	-	385,421
Total Other Changes	385,421	-	385,421
Change in Net Assets	(7,018)	200	(6,818)
Beginning Net Assets	6,685,370	11,895	6,697,265
Ending Net Assets	\$ 6,678,352	\$ 12,095	\$ 6,690,447

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF ACTIVITIES – PLANT FUND
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support			
Grants and contributions	\$ -	\$ 2,900	\$ 2,900
Investment income	56	-	56
Net assets released from restrictions			
Satisfaction of use restrictions	1,400	(1,400)	-
Total Operating Revenues, Gains, and Other Support	<u>1,456</u>	<u>1,500</u>	<u>2,956</u>
Operating Expenses			
Program Services			
Archives, collections and exhibits	171,476	-	171,476
General program services	<u>172,647</u>	<u>-</u>	<u>172,647</u>
Total Program Services	<u>344,123</u>	<u>-</u>	<u>344,123</u>
Supporting Services			
Management and general	7,727	-	7,727
Fundraising	2,948	-	2,948
Auxiliary service	<u>1,611</u>	<u>-</u>	<u>1,611</u>
Total Supporting Services	<u>12,286</u>	<u>-</u>	<u>12,286</u>
Total Operating Expenses	<u>356,409</u>	<u>-</u>	<u>356,409</u>
Changes in Net Assets from Operations	<u>(354,953)</u>	<u>1,500</u>	<u>(353,453)</u>
Other Changes			
Transfers in	<u>198,986</u>	<u>-</u>	<u>198,986</u>
Total Other Changes	<u>198,986</u>	<u>-</u>	<u>198,986</u>
Change in Net Assets	<u>(155,967)</u>	<u>1,500</u>	<u>(154,467)</u>
Beginning Net Assets	<u>6,841,337</u>	<u>10,395</u>	<u>6,851,732</u>
Ending Net Assets	<u>\$ 6,685,370</u>	<u>\$ 11,895</u>	<u>\$ 6,697,265</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF ACTIVITIES – ENDOWMENT FUND
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support			
Investment income	\$ 27,077	\$ 41,572	\$ 68,649
Net unrealized and realized gains on long-term investments	139,906	215,349	355,255
Royalties	10,317	-	10,317
Other	963	-	963
Net assets released from restrictions			
Satisfaction of use restrictions	91,116	(91,116)	-
Total Operating Revenues, Gains, and Other Support	<u>269,379</u>	<u>165,805</u>	<u>435,184</u>
Changes in Net Assets from Operations	<u>269,379</u>	<u>165,805</u>	<u>435,184</u>
Other Changes			
Transfers out	<u>(142,134)</u>	<u>-</u>	<u>(142,134)</u>
Total Other Changes	<u>(142,134)</u>	<u>-</u>	<u>(142,134)</u>
Change in Net Assets	<u>127,245</u>	<u>165,805</u>	<u>293,050</u>
Beginning Net Assets	<u>1,657,731</u>	<u>2,440,165</u>	<u>4,097,896</u>
Ending Net Assets	<u><u>\$ 1,784,976</u></u>	<u><u>\$ 2,605,970</u></u>	<u><u>\$ 4,390,946</u></u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF ACTIVITIES – ENDOWMENT FUND
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support			
Investment income	\$ 20,056	\$ 31,012	\$ 51,068
Net unrealized and realized gains on long-term investments	48,140	74,756	122,896
Royalties	7,648	-	7,648
Other	682	-	682
Net assets released from restrictions			
Satisfaction of use restrictions	84,356	(84,356)	-
Total Operating Revenues, Gains, and Other Support	<u>160,882</u>	<u>21,412</u>	<u>182,294</u>
Other Changes			
Transfers out	<u>(133,188)</u>	<u>-</u>	<u>(133,188)</u>
Total Other Changes	<u>(133,188)</u>	<u>-</u>	<u>(133,188)</u>
Change in Net Assets	<u>27,694</u>	<u>21,412</u>	<u>49,106</u>
Beginning Net Assets	<u>1,630,037</u>	<u>2,418,753</u>	<u>4,048,790</u>
Ending Net Assets	<u>\$ 1,657,731</u>	<u>\$ 2,440,165</u>	<u>\$ 4,097,896</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF ACTIVITIES – LEGACY PARK FUND
Year Ended December 31, 2021

	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support		
Grants and contributions	\$ 850	\$ 850
Total Operating Revenues, Gains, and Other Support	<u>850</u>	<u>850</u>
Change in Net Assets	<u>850</u>	<u>850</u>
Beginning Net Assets	<u>29,290</u>	<u>29,290</u>
Ending Net Assets	<u><u>\$ 30,140</u></u>	<u><u>\$ 30,140</u></u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF ACTIVITIES – LEGACY PARK FUND
Year Ended December 31, 2020

	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support		
Grants and contributions	\$ 250	\$ 250
Total Operating Revenues, Gains, and Other Support	<u>250</u>	<u>250</u>
Change in Net Assets	<u>250</u>	<u>250</u>
Beginning Net Assets	<u>29,040</u>	<u>29,040</u>
Ending Net Assets	<u><u>\$ 29,290</u></u>	<u><u>\$ 29,290</u></u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF ACTIVITIES – SAVE OUR JAIL FUND
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support			
Investment income	\$ 5	\$ -	\$ 5
Net assets released from restrictions			
Satisfaction of use restrictions	23,615	(23,615)	-
Total Operating Revenues, Gains, and Other Support	23,620	(23,615)	5
Operating Expenses			
Program Services			
General program services	14,780	-	14,780
Total Program Services	14,780	-	14,780
Total Operating Expenses	14,800	-	14,800
Changes in Net Assets from Operations	8,820	(23,615)	(14,795)
Other Changes			
Transfers out	(344,293)	-	(344,293)
Total Other Changes	(344,293)	-	(344,293)
Change in Net Assets	(335,473)	(23,615)	(359,088)
Beginning Net Assets	335,473	23,615	359,088
Ending Net Assets	\$ -	\$ -	\$ -

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF ACTIVITIES – SAVE OUR JAIL FUND
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support			
Investment income	\$ 2,490	\$ -	\$ 2,490
Net assets released from restrictions			
Satisfaction of use restrictions	370,634	(370,634)	-
Total Operating Revenues, Gains, and Other Support	373,124	(370,634)	2,490
Operating Expenses			
Program Services			
General program services	102,985	-	102,985
Total Program Services	102,985	-	102,985
Total Operating Expenses	102,985	-	102,985
Changes in Net Assets from Operations	270,139	(370,634)	(100,495)
Other Changes			
Transfers out	(158,244)	-	(158,244)
Total Other Changes	(158,244)	-	(158,244)
Change in Net Assets	111,895	(370,634)	(258,739)
Beginning Net Assets	223,578	394,249	617,827
Ending Net Assets	\$ 335,473	\$ 23,615	\$ 359,088

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF CASH FLOWS – FUND LEVEL
Years Ended December 31, 2021 and 2020

	<u>Operating</u>		<u>Plant</u>		<u>Endowment</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities						
Change in net assets	\$ 444,604	\$ 42,631	\$ (392,239)	\$ (353,453)	\$ 435,184	\$ 182,294
Adjustments to reconcile change in net assets to cash provided by operating activities:						
Depreciation and amortization	-	-	392,456	356,410	-	-
Collection items purchased	(451)	(781)	-	-	-	-
Unrealized (gain)/loss on investments	51,396	(14,397)	-	-	321,862	(19,218)
Noncash debt forgiveness	(187,000)	-	-	-	-	-
Net change in:						
(Increase) decrease in interest receivable	1,706	-	-	-	11,887	-
(Increase) decrease in pledges receivable (net)	40,895	(69,346)	-	-	-	-
(Increase) decrease in other current assets	(1,108)	(5,230)	-	-	-	-
(Increase) decrease in inventory	12,834	(870)	-	-	-	-
(Increase) decrease in due from other funds	490	910	800	(415)	-	250
Increase (decrease) in accounts payable	39,502	974	-	-	-	-
Increase (decrease) in accrued expenses	(8,935)	8,443	-	-	-	-
Increase (decrease) in due to other funds	(1,878)	580	-	(1,400)	-	-
Increase (decrease) in contract liabilities	69,825	(18,564)	-	-	-	-
Increase (decrease) in refundable advances	(24,236)	16,917	-	-	-	-
Net cash provided (used) by operating activities	<u>437,644</u>	<u>(38,733)</u>	<u>1,017</u>	<u>1,142</u>	<u>768,933</u>	<u>163,326</u>
Cash flows from investing activities						
Proceeds from investment sales	501,673	231,198	-	-	3,468,163	1,462,705
Purchase of investments	(570,724)	(253,626)	-	-	(4,155,970)	(1,574,688)
Acquisitions of property and equipment	(41,128)	-	-	(198,986)	-	-
Net cash provided (used) by investing activities	<u>(110,179)</u>	<u>(22,428)</u>	<u>-</u>	<u>(198,986)</u>	<u>(687,807)</u>	<u>(111,983)</u>
Cash flows from financing activities:						
Proceeds from loans payable	-	187,000	-	-	-	-
Transfer in	142,134	133,188	-	198,986	-	-
Transfer out	-	(40,742)	-	-	(142,134)	(133,188)
Net cash provided (used) by financing activities	<u>142,134</u>	<u>279,446</u>	<u>-</u>	<u>198,986</u>	<u>(142,134)</u>	<u>(133,188)</u>
Net increase (decrease) in cash and cash equivalents	469,599	218,285	1,017	1,142	(61,008)	(81,845)
Cash and cash equivalents, beginning of year	<u>714,367</u>	<u>496,082</u>	<u>23,112</u>	<u>21,970</u>	<u>291,960</u>	<u>373,805</u>
Cash and cash equivalents, end of year	<u>\$ 1,183,966</u>	<u>\$ 714,367</u>	<u>\$ 24,129</u>	<u>\$ 23,112</u>	<u>\$ 230,952</u>	<u>\$ 291,960</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF CASH FLOWS – FUND LEVEL
Years Ended December 31, 2021 and 2020

Legacy Park		Save Our Jail		Eliminations		Total	
2021	2020	2021	2020	2021	2020	2021	2020
\$ 850	\$ 250	\$ (14,795)	\$ (100,495)	\$ -	\$ -	\$ 473,604	\$ (228,773)
-	-	-	-	-	-	392,456	356,410
-	-	-	-	-	-	(451)	(781)
-	-	-	-	-	-	373,258	(33,615)
-	-	-	-	-	-	(187,000)	-
-	-	-	5,200	-	-	13,593	5,200
-	-	-	-	-	-	40,895	(69,346)
-	-	-	-	-	-	(1,108)	(5,230)
-	-	-	-	-	-	12,834	(870)
-	-	1,078	(415)	-	-	2,368	330
-	-	(12,850)	12,850	-	-	26,652	13,824
-	-	-	-	-	-	(8,935)	8,443
-	-	(490)	490	-	-	(2,368)	(330)
-	-	-	-	-	-	69,825	(18,564)
-	-	-	-	-	-	(24,236)	16,917
850	250	(27,057)	(82,370)	-	-	1,181,387	43,615
-	-	-	284,871	-	-	3,969,836	1,978,774
-	-	-	-	-	-	(4,726,694)	(1,828,314)
-	-	(15,490)	(304,093)	-	-	(56,618)	(503,079)
-	-	(15,490)	(19,222)	-	-	(813,476)	(352,619)
-	-	-	-	-	-	-	187,000
-	-	-	-	(142,134)	(332,174)	-	-
-	-	-	(158,244)	142,134	332,174	-	-
-	-	-	(158,244)	-	-	-	187,000
850	250	(42,547)	(259,836)	-	-	367,911	(122,004)
29,290	29,040	42,547	302,383	-	-	1,101,276	1,223,280
<u>\$ 30,140</u>	<u>\$ 29,290</u>	<u>\$ -</u>	<u>\$ 42,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,469,187</u>	<u>\$ 1,101,276</u>