

MUSEUM OF SOUTH TEXAS HISTORY

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

December 31, 2022 and 2021

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Independent Auditors' Report

To the Board of Trustees
Museum of South Texas History

Opinion

We have audited the accompanying financial statements of Museum of South Texas History (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, 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 Museum of South Texas History as of December 31, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Museum of South Texas History as of December 31, 2021 were audited by other auditors whose report dated June 16, 2022 expressed an unmodified opinion on those statements.

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 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.

Auditor's 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 auditor's 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 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 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 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.

Report on 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.

Brenton McCullough & Long, LLP

FINANCIAL STATEMENTS

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,279,650	\$ 1,469,187
Investments	3,816,949	4,772,657
Accounts receivable, net	141,897	90,877
Inventory	37,206	26,627
Other current assets	<u>29,483</u>	<u>24,750</u>
Total current assets	5,305,185	6,384,098
 PROPERTY AND EQUIPMENT, NET	 <u>6,515,976</u>	 <u>6,666,318</u>
 Total assets	 <u><u>\$ 11,821,161</u></u>	 <u><u>\$ 13,050,416</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 44,642	\$ 84,419
Accrued expenses	52,244	57,156
Contract liabilities	65,445	69,450
Deferred revenue	<u>2,464</u>	<u>13,056</u>
Total current liabilities	164,795	224,081
 NET ASSETS		
Without donor restrictions	9,484,620	10,130,404
With donor restrictions	<u>2,171,746</u>	<u>2,695,931</u>
Total net assets	<u>11,656,366</u>	<u>12,826,335</u>
 Total liabilities and net assets	 <u><u>\$ 11,821,161</u></u>	 <u><u>\$ 13,050,416</u></u>

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

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Support:			
Grants and contributions	\$ 136,812	\$ 800	\$ 137,612
In-kind donations	56,924	-	56,924
Grants from local government agencies	660,000	95,000	755,000
Fundraising events	219,954	-	219,954
Annual donations	410,885	-	410,885
Investment income	41,329	42,563	83,892
Net unrealized and realized losses on long-term investments	(409,757)	(456,730)	(866,487)
Admissions charges	59,899	-	59,899
Auxiliary activities	333,139	-	333,139
Rents and royalties	61,773	-	61,773
Other	3,845	-	3,845
Net assets released from restrictions	205,818	(205,818)	-
Total support and revenues	<u>1,780,621</u>	<u>(524,185)</u>	<u>1,256,436</u>
Expenses			
Program services:			
Archive, exhibits and collections	271,170	-	271,170
Education programs	77,656	-	77,656
General program services	1,342,492	-	1,342,492
	<u>1,691,318</u>	<u>-</u>	<u>1,691,318</u>
Support services:			
Management and general	290,112	-	290,112
Costs of direct donor benefits	76,410	-	76,410
Fundraising	270,713	-	270,713
Auxiliary services	97,441	-	97,441
	<u>734,676</u>	<u>-</u>	<u>734,676</u>
Total expenses	<u>2,425,994</u>	<u>-</u>	<u>2,425,994</u>
Change in net assets from operations	(645,373)	(524,185)	(1,169,558)
Collection items purchased but not capitalized	<u>411</u>	<u>-</u>	<u>411</u>
Change in net assets	(645,784)	(524,185)	(1,169,969)
Net assets - beginning of year	<u>10,130,404</u>	<u>2,695,931</u>	<u>12,826,335</u>
Net assets - end of year	<u>\$ 9,484,620</u>	<u>\$ 2,171,746</u>	<u>\$ 11,656,366</u>

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

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
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
Admissions 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	224,698	(224,698)	-
Total support and revenues	<u>2,723,386</u>	<u>128,845</u>	<u>2,852,231</u>
Expenses			
Program services:			
Archive, exhibits and collections	271,047	-	271,047
Education programs	103,715	-	103,715
General program services	1,367,606	-	1,367,606
	<u>1,742,368</u>	<u>-</u>	<u>1,742,368</u>
Support 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
	<u>636,259</u>	<u>-</u>	<u>636,259</u>
Total expenses	<u>2,378,627</u>	<u>-</u>	<u>2,378,627</u>
Change in net assets from operations	344,759	128,845	473,604
Collection items purchased but not capitalized	<u>451</u>	<u>-</u>	<u>451</u>
Change in net assets	344,308	128,845	473,153
Net assets - beginning of year	<u>9,786,096</u>	<u>2,567,086</u>	<u>12,353,182</u>
Net assets - end of year	<u>\$ 10,130,404</u>	<u>\$ 2,695,931</u>	<u>\$ 12,826,335</u>

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

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022

	Program Services			
	General Program Services	Education Programs	Archives, exhibits and collections	Total Program Services
Operating Fund				
Salaries	\$ 657,687	\$ -	\$ -	\$ 657,687
Employee benefits	73,065	-	-	73,065
Payroll taxes	50,189	-	-	50,189
Total salaries and related expenses	780,941	-	-	780,941
Advertising and public relations	69,121	-	-	69,121
Archives and exhibits	-	-	17,398	17,398
Bad debts	16,850	-	-	16,850
Bank charges	3,838	-	-	3,838
Conference and meetings	5,435	-	-	5,435
Contract labor	14,072	-	-	14,072
Cost of goods sold	-	-	-	-
Dues and subscriptions	14,289	-	-	14,289
Education programs	-	77,656	-	77,656
Fundraising (direct)	-	-	-	-
Insurance	56,586	-	-	56,586
Miscellaneous	454	-	-	454
Postage/supplies	14,385	-	-	14,385
Printing/publications	4,838	-	-	4,838
Professional fees	-	-	-	-
Repairs and maintenance	129,293	-	-	129,293
Travel	13,142	-	-	13,142
Utilities	90,272	-	-	90,272
Total expenses	1,213,516	77,656	17,398	1,308,570
Plant Fund				
Depreciation	128,976	-	253,772	382,748
Total expenses	128,976	-	253,772	382,748
Total expenses	<u>\$ 1,342,492</u>	<u>\$ 77,656</u>	<u>\$ 271,170</u>	<u>\$ 1,691,318</u>

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

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED
For the year ended December 31, 2022

Support Services

Management and General	Fundraising	Auxiliary Services	Direct Benefits to Donors	Total Support Services	2022 Total
\$ 199,175	\$ 139,163	\$ 32,625	\$ -	\$ 370,963	\$ 1,028,650
22,127	15,460	3,624	-	41,211	114,276
15,200	10,620	2,490	-	28,310	78,499
236,502	165,243	38,739	-	440,484	1,221,425
-	-	-	-	-	69,121
-	-	-	-	-	17,398
-	-	-	-	-	16,850
446	-	3,837	-	4,283	8,121
53	42	6	-	101	5,536
-	-	6,931	-	6,931	21,003
-	-	46,651	-	46,651	46,651
-	-	-	-	-	14,289
-	-	-	-	-	77,656
-	100,128	-	76,410	176,538	176,538
547	433	63	-	1,043	57,629
10,342	453	-	-	10,795	11,249
8,120	696	-	-	8,816	23,201
-	-	-	-	-	4,838
29,403	-	-	-	29,403	29,403
1,249	988	144	-	2,381	131,674
127	100	15	-	242	13,384
872	690	100	-	1,662	91,934
287,661	268,773	96,486	76,410	729,330	2,037,900
2,451	1,940	955	-	5,346	388,094
2,451	1,940	955	-	5,346	388,094
<u>\$ 290,112</u>	<u>\$ 270,713</u>	<u>\$ 97,441</u>	<u>\$ 76,410</u>	<u>\$ 734,676</u>	<u>\$ 2,425,994</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

	Program Services			
	General Program Services	Education Programs	Archives, exhibits and collections	Total Program Services
Operating Fund				
Salaries	\$ 579,443	\$ -	\$ -	\$ 579,443
Employee benefits	65,256	-	-	65,256
Payroll taxes	43,737	-	-	43,737
Total salaries and related expenses	688,436	-	-	688,436
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	-	-	3,461
Cost of goods sold	-	-	-	-
Conference and meetings	2,095	-	-	2,095
Contract labor	12,900	-	-	12,900
Dues and subscriptions	9,981	-	-	9,981
Education programs	-	103,715	-	103,715
Fundraising (direct)	-	-	-	-
Insurance	85,404	-	-	85,404
Miscellaneous	2,013	-	-	2,013
Professional fees	-	-	-	-
Postage/supplies	11,315	-	-	11,315
Printing/publications	3,420	-	-	3,420
Repairs and maintenance	222,328	-	-	222,328
Travel	3,398	-	-	3,398
Utilities	89,363	-	-	89,363
Total expenses	1,222,658	103,715	14,890	1,341,263
Plant Fund				
Depreciation	130,168	-	256,157	386,325
Total expenses	130,168	-	256,157	386,325
Save our Jail				
Bank charges	-	-	-	-
Repairs and maintenance	14,780	-	-	14,780
Total expenses	14,780	-	-	14,780
Total expenses	\$ 1,367,606	\$ 103,715	\$ 271,047	\$ 1,742,368

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

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED
For the year ended December 31, 2021

Support Services					
Management and General	Fundraising	Auxiliary Services	Direct Benefits to Donors	Total Support Services	2021 Total
\$ 186,646	\$ 135,165	\$ 30,137	\$ -	\$ 351,948	\$ 931,391
21,020	15,222	3,394	-	39,636	104,892
14,088	10,202	2,275	-	26,565	70,302
221,754	160,589	35,806	-	418,149	1,106,585
-	-	-	-	-	63,393
-	-	-	-	-	14,890
-	-	-	-	-	25,151
191	-	3,461	-	3,652	7,113
-	-	36,097	-	36,097	36,097
20	22	2	-	44	2,139
-	-	6,354	-	6,354	19,254
-	-	-	-	-	9,981
-	-	-	-	-	103,715
-	85,467	-	27,281	112,748	112,748
827	900	97	-	1,824	87,228
5,465	2,257	-	-	7,722	9,735
29,850	-	-	-	29,850	29,850
6,388	548	-	-	6,936	18,251
-	-	-	-	-	3,420
2,154	2,344	252	-	4,750	227,078
33	36	4	-	73	3,471
866	942	101	-	1,909	91,272
267,548	253,105	82,174	27,281	630,108	1,971,371
2,475	2,694	962	-	6,131	392,456
2,475	2,694	962	-	6,131	392,456
20	-	-	-	20	20
-	-	-	-	-	14,780
20	-	-	-	20	14,800
\$ 270,043	\$ 255,799	\$ 83,136	\$ 27,281	\$ 636,259	\$ 2,378,627

MUSEUM OF SOUTH TEXAS HISTORY

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$(1,169,558)	\$ 473,604
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	388,094	392,456
Collections items purchased	(411)	(451)
Unrealized gains and losses and income on investments, net	785,532	373,258
Noncash debt forgiveness	-	(187,000)
Changes in operating assets and liabilities:		
Interest receivable	-	13,593
Accounts receivable, net	(87,293)	40,895
Inventory	(10,579)	12,834
Other current assets	(4,733)	(1,108)
Accounts payable	(39,777)	26,652
Accrued expenses	(4,912)	(8,935)
Contract liabilities	(4,005)	69,825
Deferred revenue	(10,594)	(24,236)
Net cash (used in) provided by operating activities	<u>(158,236)</u>	<u>1,181,387</u>
Cash flows from investing activities:		
Proceeds from investment sales	206,451	3,969,836
Purchases of investments	-	(4,726,694)
Acquisitions of property and equipment	(237,752)	(56,618)
Net cash used in investing activities	<u>(31,301)</u>	<u>(813,476)</u>
Net (decrease) increase in cash	(189,537)	367,911
Cash and cash equivalents - beginning of year	<u>1,469,187</u>	<u>1,101,276</u>
Cash and cash equivalents - end of year	<u>\$ 1,279,650</u>	<u>\$ 1,469,187</u>

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

MUSEUM OF SOUTH TEXAS HISTORY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 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 and reaccreditation in February 2023. 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 for all generations." The current vision statement adopted by the Board is, "The Museum of South Texas History strives to be a trusted, recognized, interpretive and research center. We will share the blended and unique heritage of South Texas and northeastern Mexico through collections, exhibitions, programs, and activities to promote dialogue, engage with and educate our communities, and inspire all generations to value the legacy of history."

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

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

The financial statements of MOSTH are prepared on the accrual basis of accounting. The significant policies followed by MOSTH are described below to enhance the usefulness of the financial statements.

1. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958 was effective July 1, 2018. Under the provisions of the Guide, MOSTH's financial position and activities are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of MOSTH and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of MOSTH. These net assets may be used at the discretion of MOSTH's Management and Board of Trustees.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – Continued

1. Basis of Presentation – Continued

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of MOSTH.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

2. Use of Estimates

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

3. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly liquid investments with original maturities of 90 days or less. Restricted cash relates to the cash balances in endowment funds at year end.

4. 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 - CONTINUED
December 31, 2022 and 2021

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – Continued

5. Accounts Receivable And Support

MOSTH recognizes revenue in accordance with ASC 958, which requires contributions to be recognized as revenue when the donor makes a promise to give to MOSTH that is, in substance, unconditional. Unconditional promises to give are expected to be collected within one year and are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

MOSTH uses the allowance method to determine uncollectible accounts receivable. The allowance is based on management's analysis of specific promises made. Accounts receivable are charged to the allowance when management determines that collection is remote. The allowance for doubtful accounts was \$42,001 and \$25,151 as of December 31, 2022 and 2021, respectively.

MOSTH recognizes revenue in accordance with Accounting Standards Update ("ASU") 2018-08, Not-For-Profit Entities (ASC Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("ASU 2018-08"). Accordingly, MOSTH evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, MOSTH applies guidance under ASC Topic 606, Revenue from Contracts with Customers ("ASC 606"). If the transfer of assets is determined to be a contribution MOSTH evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before MOSTH is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

6. Inventory

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

7. Property 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 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
Permanent exhibits	20 years

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – Continued

7. Property and Equipment - Continued

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.

Accounting Standards Codification Topic (ASC) ASC 360, "Accounting for the Impairment or Disposal of Long-Lived Assets," requires MOSTH to review long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined that impairment has occurred, the amount of the impairment is charged to operations. No impairment was recognized for the years ended December 31, 2022 and 2021.

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

8. 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 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.

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).

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – Continued

9. Deferred Revenue

Deferred revenue represent revenues collected but not earned as of December 31, 2022 and 2021. This is primarily composed of revenue from grants that are conditional with a refunding provision noted in the contract.

10. In-Kind Support and Services

In-kind support and services are recorded at fair value at the date of donation and are recorded in 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.

11. Income Taxes

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.

12. Functional Expenses

The cost of providing various program and supporting services have been summarized on a functional basis in the financial statements. 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.

13. Fair Value Measurements

FASB ASC Topic 820, "Fair Value Measurements and Disclosures," defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. ASC Topic 820 applies to all financial instruments that are being measured and reported on a fair value basis.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – Continued

13. Fair Value Measurements – Continued

ASC Topic 820 defines fair value as 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. ASC Topic 820 also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

<u>Fair Value Measurements at Reporting Date Using</u>			
Assets/ Liabilities December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)

Measured on a recurring basis:

Investments

Equity securities	\$ 1,852,629	\$ 1,852,629	\$ -	\$ -
Mutual funds	1,964,320	1,964,320	-	-
	<u>\$ 3,816,949</u>	<u>\$ 3,816,949</u>	<u>\$ -</u>	<u>\$ -</u>

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – Continued

13. Fair Value Measurements – Continued

Assets/ Liabilities December 31, 2021	Fair Value Measurements at Reporting Date Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
<i>Measured on a recurring basis:</i>			
Assets			
Equity securities	\$ 4,772,657	\$ 4,772,657	\$ -
	\$ 4,772,657	\$ 4,772,657	\$ -

MOSTH's financial instruments consist of cash and cash equivalents, accounts receivable, inventory, other current assets, accounts payable, accrued expenses, contract liabilities, and deferred revenue. Management believes the carrying values of these assets and liabilities are representative of their fair values based on the liquidity of these financial instruments or based on their relatively short-term nature.

14. Advertising

Advertising costs are expensed as incurred. Advertising expense totaled \$69,121 and \$63,143 for the years ended December 31, 2022 and 2021, respectively.

15. Reclassification

Certain amounts in the 2021 financial statements have been reclassified to conform to the presentation in the 2022 financial statements.

16. Recently Adopted Accounting Standards

Effective January 1, 2022, the MOSTH adopted FASB ASC 842, "Leases." The MOSTH determines if an arrangement contains a lease at inception based on whether the MOSTH has the right to control the asset during the contract period and other facts and circumstances. The MOSTH elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification and not to restate comparative periods and to set the initial adoption application date to January 1, 2022. The adoption of FASB ASC 842 did not have a material impact on MOSTH financial statements.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

NOTE C – RELATED PARTY TRANSACTIONS

Certain members of the Board are officers at local financial institutions. Deposits at these institutions were \$497,244 and \$254,863 for 2022 and 2021, respectively.

NOTE D – CONCENTRATIONS

MOSTH maintains its cash balances in various financial institutions. Balances in accounts are insured up to Federal Deposit Insurance Corporation (FDIC) limits of \$250,000 per institution. Cash at times exceeds FDIC limits.

NOTE E – AVAILABILITY AND LIQUIDITY

The following represents MOSTH's financial assets available for general expenses within one year at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,279,650	\$ 1,469,187
Investments	3,816,949	4,772,657
Accounts receivable	141,897	90,877
Total financial assets	<u>5,238,496</u>	<u>6,332,721</u>
Less amounts not available to be used within one year		
Donor restricted funds	(91,829)	(89,961)
Endowments required to be maintained in perpetuity by donor	(1,900,000)	(1,900,000)
Accumulated investment gains subject to distribution policy	(179,917)	(705,970)
Board restricted funds for emergencies	(733,728)	(834,705)
Board restricted quasi-endowment	(1,225,000)	(1,225,000)
Board restricted accumulated investment gains subject to distribution policy	<u>(259,697)</u>	<u>(559,976)</u>
Financial assets not available to be used within one year	(4,390,171)	(5,315,612)
Financial assets available to meet general expenses within one year	<u>\$ 848,325</u>	<u>\$ 1,017,109</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 - CONTINUED
December 31, 2022 and 2021

NOTE F – ACCOUNTS RECEIVABLE

MOSTH conducts an annual campaign each year to raise funds needed for daily operations. Accounts receivable are as follows at December 31,

	2022	2021
Accounts receivable	\$ 183,898	\$ 116,028
Less: allowance for doubtful accounts	(42,001)	(25,151)
Accounts receivable, net	<u>\$ 141,897</u>	<u>\$ 90,877</u>

NOTE G – INVENTORY

MOSTH's inventory are as follows at December 31, :

	2022	2021
Books	\$ 6,242	\$ 8,732
Other store merchandise	<u>30,964</u>	<u>17,895</u>
Total	<u>\$ 37,206</u>	<u>\$ 26,627</u>

NOTE H – PROPERTY AND EQUIPMENT

Property and equipment are as follows at December 31,

	2022	2021
Buildings and improvements	\$ 7,492,358	\$ 7,473,983
Permanent exhibits	2,835,816	2,828,348
Furniture, fixtures, and equipment	<u>251,986</u>	<u>251,986</u>
	10,580,160	10,554,317
Less: accumulated depreciation	(6,086,268)	(5,698,175)
	4,493,892	4,856,142
Construction in progress	-	8,500
Land and improvements	<u>2,022,084</u>	<u>1,801,676</u>
Property and equipment, net	<u>\$ 6,515,976</u>	<u>\$ 6,666,318</u>

Depreciation for 2022 and 2021 was \$388,094 and \$392,456, respectively.

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

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

NOTE I – LOAN 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 was 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 2021, the loan was forgiven.

NOTE J – DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

MOSTH's Board of Directors has designated net assets without donor restrictions at December 31, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Operating Fund		
Subject to expenditure for specific purpose:		
Emergency Reserve	\$ 733,728	\$ 834,705
Endowment Fund		
Subject to expenditure for specific purpose:		
Quasi-endowment	<u>1,484,697</u>	<u>1,784,976</u>
Total designated net assets without donor restrictions	<u>\$ 2,218,425</u>	<u>\$ 2,619,681</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 2022 and 2021 totaled \$32,030 and \$10,317, 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 - CONTINUED
December 31, 2022 and 2021

NOTE K – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Operating Fund		
Subject to expenditure for specific purpose:		
Hotel/Motel - tourism/promotion	\$ 24,049	\$ 22,981
Archives - support/purchase	25,295	24,745
Plant Fund		
Subject to expenditure for specific purpose:		
Memorial bricks	6,901	6,851
South Texas Heritage - public art project	5,244	5,244
Endowment Fund		
Subject to spending policy:		
Endowments and cumulative earnings	2,079,917	2,605,970
Legacy Park Fund		
Subject to expenditure for specific purpose:		
Legacy Park - development	<u>30,340</u>	<u>30,140</u>
 Total net assets with donor restrictions	 <u><u>\$ 2,171,746</u></u>	 <u><u>\$ 2,695,931</u></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 - CONTINUED
December 31, 2022 and 2021

NOTE L – ENDOWMENT FUND NET ASSET BREAKDOWN

The following tables show endowment fund balances as of December 31,:

<u>With donor restrictions</u>	<u>2022</u>	<u>2021</u>
Campaign of Discovery	\$ 1,150,000	\$ 1,150,000
Cumulative earnings	<u>175,754</u>	<u>512,821</u>
	1,325,754	1,662,821
Guerra Trust	150,000	150,000
Cumulative earnings	<u>21,856</u>	<u>64,585</u>
	171,856	214,585
Schaleben	100,000	100,000
Cumulative earnings	<u>1,430</u>	<u>26,970</u>
	101,430	126,970
Edinburg Foundation	500,000	500,000
Cumulative earnings	<u>(19,123)</u>	<u>101,594</u>
	480,877	601,594
Total with donor restrictions	<u><u>\$ 2,079,917</u></u>	<u><u>\$ 2,605,970</u></u>
 <u>Without donor restrictions</u>	 <u>2022</u>	 <u>2021</u>
McFadden	\$ 500,000	\$ 500,000
Cumulative earnings	<u>197,064</u>	<u>304,440</u>
	697,064	804,440
O'Leary	400,000	400,000
Cumulative earnings	<u>34,570</u>	<u>141,000</u>
	434,570	541,000
Gary White	325,000	325,000
Cumulative earnings	<u>28,063</u>	<u>114,536</u>
	353,063	439,536
Total without donor restrictions	<u><u>\$ 1,484,697</u></u>	<u><u>\$ 1,784,976</u></u>

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

NOTE L – ENDOWMENT FUND NET ASSET BREAKDOWN – Continued

The with donor restrictions endowments are as follows:

- 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 for a total of \$1,150,000.
- 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.

At December 31, 2022, funds related to the Edinburg Foundation endowment with original gift values of \$500,000; fair value of \$480,877; and deficiencies of \$19,123 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred during the year.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

NOTE L – ENDOWMENT FUND NET ASSET BREAKDOWN – Continued

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year, January 1, 2022	\$ 1,784,976	\$ 2,605,970	\$ 4,390,946
Change in endowment net assets:			
Investment income	27,877	42,484	70,361
Net unrealized and realized gains on long-term investments	(298,154)	(456,730)	(754,884)
Royalties	32,030	-	32,030
Other	1,139	-	1,139
Appropriation for expenditures	111,807	(111,807)	-
Transfers out	(174,978)	-	(174,978)
Total endowment funds as of December 31, 2022	<u>\$ 1,484,697</u>	<u>\$ 2,079,917</u>	<u>\$ 3,564,614</u>
	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 losses 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>

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 - CONTINUED
December 31, 2022 and 2021

NOTE L – ENDOWMENT FUND NET ASSET BREAKDOWN – Continued

The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations. Management has yet to determine how to address the deficiency in the endowment.

In 2022 and 2021, the transfers from the Endowment Fund to the Operating Fund, in accordance with the investment policy, were \$174,978 and \$142,134, respectively.

NOTE M – GRANTS FROM LOCAL GOVERNMENT AGENCIES

Grant revenue from local government agencies for 2022 and 2021 are as follows:

	2022	2021
County of Hidalgo, Texas	\$ 460,000	\$ 460,000
City of Edinburg	255,000	255,000
City of McAllen	40,000	40,000
	<u>755,000</u>	<u>755,000</u>
Total	<u>\$ 755,000</u>	<u>\$ 755,000</u>

NOTE N – OTHER GRANTS AND CONTRIBUTIONS

Other grants and contributions for 2022 and 2021 were as follows:

	2022	2021
University of Texas	\$ 45,000	\$ 15,000
Humanities Texas	17,000	-
SBA - EIDL	10,000	-
City of Edinburg - Sparc Grant	9,385	-
Target Circle	3,751	-
Betty Stieren Kelso Foundation	2,704	19,488
Windbigler Family Giving Fund	2,500	-
Raul Tijerina Jr. Foundation	-	14,748
Smithsonian Center	-	9,000
SBA - First PPP Loan Forgiveness	-	187,000
SBA - Second PPP Loan Forgiveness	-	187,537
SBA - SVOG	-	214,335
Other	47,272	18,144
	<u>137,612</u>	<u>665,252</u>
Total	<u>\$ 137,612</u>	<u>\$ 665,252</u>

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

NOTE O – SPECIAL EVENTS

MOSTH has traditionally conducted three annual special events. The revenue generated from these events and the corresponding expenses are as follows for the years ended December 31,:

<u>2022</u>	<u>Heritage Gala</u>	<u>Fandango</u>	<u>Shootout</u>	<u>Total</u>
Revenue	\$ 6,990	\$ 191,266	\$ 21,698	\$ 219,954
Cost of direct donor benefits	(35,000)	(35,000)	(6,410)	(76,410)
Direct expenses	(25,577)	(74,551)	-	(100,128)
Total	<u><u>\$ (53,587)</u></u>	<u><u>\$ 81,715</u></u>	<u><u>\$ 15,288</u></u>	<u><u>\$ 43,416</u></u>

<u>2021</u>	<u>Heritage Gala</u>	<u>Fandango</u>	<u>Shootout</u>	<u>Total</u>
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><u>\$ (21,252)</u></u>	<u><u>\$ 68,925</u></u>	<u><u>\$ 14,386</u></u>	<u><u>\$ 62,059</u></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 and Changes in Net Assets. Thus, the revenue and expenses reflected above for the Heritage Gala must be linked to the \$382,000 and \$332,500 raised in the annual campaigns for 2022 and 2021, respectively, to reflect the true impact of this effort. Benefits given to donors are for the designated calendar year.

NOTE P – 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 the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Student, school, and class fees	\$ 232,267	\$ 201,471
General merchandise sales	89,145	58,936
Book sales	<u>11,727</u>	<u>8,149</u>
Total	<u><u>\$ 333,139</u></u>	<u><u>\$ 268,556</u></u>

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

NOTE Q – IN-KIND DONATIONS

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 for the years ended December 31,:

	<u>2022</u>	<u>2021</u>
Advertising	\$ 2,175	\$ 6,650
Fandango	54,263	51,630
Gala	<u>486</u>	<u>-</u>
Total	<u>\$ 56,924</u>	<u>\$ 58,280</u>

NOTE R – 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 lease is not accounted for under FASB 842 since it is a de minimis lease but rather FASB ASC 958-605. The value of the land used for the jail has not been recognized as contribution revenue since the value is not considered material to the financial statements taken as a whole.

NOTE S – 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 2022 and 2021, MOSTH contributions totaled \$46,572 and \$42,694 for the years ended December 31, 2022 and 2021, respectively. The plan is self-directed by the individual employees. The trustee is an agent if the employee so designates.

NOTE T – 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 2022 and 2021, respectively.

The Museum also received \$255,000 or 34% of local government grants from the City of Edinburg in 2022 and 2021, respectively.

MUSEUM OF SOUTH TEXAS HISTORY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

NOTE T – CONCENTRATIONS – Continued

Fundraising revenues are a significant portion of the Museum's revenues. The Fandango event raised revenues of \$191,266 and \$152,607 in 2022 and 2021, respectively. This is 87% of total fundraising revenues for 2022 and 2021, respectively.

NOTE U – SUBSEQUENT EVENTS

MOSTH has evaluated subsequent events through July 26, 2023, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of July 26, 2023 have been incorporated into these financial statements.

SUPPLEMENTARY SCHEDULES

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

	Operating		Plant		Endowment	
	2022	2021	2022	2021	2022	2021
CURRENT ASSETS						
Cash and cash equivalents	\$ 929,380	\$ 1,183,966	\$ 24,201	\$ 24,129	\$ 295,729	\$ 230,952
Investments	548,064	612,663	-	-	3,268,885	4,159,994
Accounts receivable	141,897	90,877	-	-	-	-
Inventory	37,206	26,627	-	-	-	-
Other current assets	29,483	24,750	-	-	-	-
Total current assets	<u>1,686,030</u>	<u>1,938,883</u>	<u>24,201</u>	<u>24,129</u>	<u>3,564,614</u>	<u>4,390,946</u>
PROPERTY AND EQUIPMENT, NET	<u>-</u>	<u>-</u>	<u>6,515,976</u>	<u>6,666,318</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,686,030</u>	<u>\$ 1,938,883</u>	<u>\$ 6,540,177</u>	<u>\$ 6,690,447</u>	<u>\$ 3,564,614</u>	<u>\$ 4,390,946</u>
CURRENT LIABILITIES						
Accounts payable	\$ 44,642	\$ 84,419	\$ -	\$ -	\$ -	\$ -
Accrued expenses	52,244	57,156	-	-	-	-
Contract liabilities	65,445	69,450	-	-	-	-
Deferred revenue	2,464	13,056	-	-	-	-
Total current liabilities	<u>164,795</u>	<u>224,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS						
Without donor restrictions	1,471,891	1,667,076	6,528,032	6,678,352	1,484,697	1,784,976
With donor restrictions	49,344	47,726	12,145	12,095	2,079,917	2,605,970
Total net assets	<u>1,521,235</u>	<u>1,714,802</u>	<u>6,540,177</u>	<u>6,690,447</u>	<u>3,564,614</u>	<u>4,390,946</u>
Total liabilities and net assets	<u>\$ 1,686,030</u>	<u>\$ 1,938,883</u>	<u>\$ 6,540,177</u>	<u>\$ 6,690,447</u>	<u>\$ 3,564,614</u>	<u>\$ 4,390,946</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF FINANCIAL POSITION – FUND LEVEL - CONTINUED
December 31,

Legacy Park		Save Our Jail		Eliminations		Total	
2022	2021	2022	2021	2022	2021	2022	2021
\$ 30,340	\$ 30,140	\$ -	\$ -	\$ -	\$ -	\$ 1,279,650	\$ 1,469,187
-	-	-	-	-	-	3,816,949	4,772,657
-	-	-	-	-	-	141,897	90,877
-	-	-	-	-	-	37,206	26,627
-	-	-	-	-	-	29,483	24,750
30,340	30,140	-	-	-	-	5,305,185	6,384,098
-	-	-	-	-	-	6,515,976	6,666,318
<u>\$ 30,340</u>	<u>\$ 30,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,821,161</u>	<u>\$13,050,416</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,642	\$ 84,419
-	-	-	-	-	-	52,244	57,156
-	-	-	-	-	-	65,445	69,450
-	-	-	-	-	-	2,464	13,056
-	-	-	-	-	-	164,795	224,081
-	-	-	-	-	-	9,484,620	10,130,404
30,340	30,140	-	-	-	-	2,171,746	2,695,931
30,340	30,140	-	-	-	-	11,656,366	12,826,335
<u>\$ 30,340</u>	<u>\$ 30,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,821,161</u>	<u>\$13,050,416</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES FUND LEVEL

December 31,

	Operating		Plant		Endowment	
	2022	2021	2022	2021	2022	2021
Support and Revenues						
Support:						
Grants and contributions	\$ 137,362	\$ 664,202	\$ 50	\$ 200	\$ -	\$ -
In-kind donations	56,924	58,280	-	-	-	-
Grants from local government agencies	755,000	755,000	-	-	-	-
Fundraising events	219,954	174,807	-	-	-	-
Annual donations	410,885	360,970	-	-	-	-
Investment income	13,508	14,861	23	17	70,361	68,649
Net unrealized and realized losses						
on long-term investments	(111,603)	43,911	-	-	(754,884)	355,255
Admissions charges	59,899	68,066	-	-	-	-
Auxiliary activities	333,139	268,556	-	-	-	-
Rents and royalties	29,743	5,540	-	-	32,030	10,317
Other	2,706	1,782	-	-	1,139	963
Net assets released from restrictions	-	-	-	-	-	-
Total support and revenues	<u>1,907,517</u>	<u>2,415,975</u>	<u>73</u>	<u>217</u>	<u>(651,354)</u>	<u>435,184</u>
Expenses						
Program services:						
Archive, exhibits and collections	17,398	14,890	253,772	256,157	-	-
Education programs	77,656	103,715	-	-	-	-
General program services	1,213,516	1,222,658	128,976	130,168	-	-
	<u>1,308,570</u>	<u>1,341,263</u>	<u>382,748</u>	<u>386,325</u>	<u>-</u>	<u>-</u>
Support services:						
Management and general	287,661	267,548	2,451	2,475	-	-
Costs of direct donor benefits	76,410	27,281	-	-	-	-
Fundraising	268,773	253,105	1,940	2,694	-	-
Auxiliary services	96,486	82,174	955	962	-	-
	<u>729,330</u>	<u>630,108</u>	<u>5,346</u>	<u>6,131</u>	<u>-</u>	<u>-</u>
Total expenses	<u>2,037,900</u>	<u>1,971,371</u>	<u>388,094</u>	<u>392,456</u>	<u>-</u>	<u>-</u>
Change in net assets from operations	(130,383)	444,604	(388,021)	(392,239)	(651,354)	435,184
Other changes						
Transfers out	(237,751)	(41,128)	-	-	(174,978)	(142,134)
Transfers in	174,978	142,134	237,751	385,421	-	-
Total other charges	<u>(62,773)</u>	<u>101,006</u>	<u>237,751</u>	<u>385,421</u>	<u>(174,978)</u>	<u>(142,134)</u>
Change in net assets related to collection items not capitalized	(193,156)	545,610	(150,270)	(6,818)	(826,332)	293,050
Collection items purchased but not capitalized	411	451	-	-	-	-
Change in net assets	(193,567)	545,159	(150,270)	(6,818)	(826,332)	293,050
Net assets - beginning of year	<u>1,714,802</u>	<u>1,169,643</u>	<u>6,690,447</u>	<u>6,697,265</u>	<u>4,390,946</u>	<u>4,097,896</u>
Net assets - end of year	<u>\$ 1,521,235</u>	<u>\$ 1,714,802</u>	<u>\$ 6,540,177</u>	<u>\$ 6,690,447</u>	<u>\$ 3,564,614</u>	<u>\$ 4,390,946</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES FUND LEVEL - CONTINUED
December 31,

Legacy Park		Save Our Jail		Elimination		Total	
2022	2021	2022	2021	2022	2021	2022	2021
\$ 200	\$ 850	\$ -	\$ -	\$ -	\$ -	\$ 137,612	\$ 665,252
-	-	-	-	-	-	56,924	58,280
-	-	-	-	-	-	755,000	755,000
-	-	-	-	-	-	219,954	174,807
-	-	-	-	-	-	410,885	360,970
-	-	-	5	-	-	83,892	83,532
-	-	-	-	-	-	(866,487)	399,166
-	-	-	-	-	-	59,899	68,066
-	-	-	-	-	-	333,139	268,556
-	-	-	-	-	-	61,773	15,857
-	-	-	-	-	-	3,845	2,745
-	-	-	-	-	-	-	-
200	850	-	5	-	-	1,256,436	2,852,231
-	-	-	-	-	-	271,170	271,047
-	-	-	-	-	-	77,656	103,715
-	-	-	14,780	-	-	1,342,492	1,367,606
-	-	-	14,780	-	-	1,691,318	1,742,368
-	-	-	20	-	-	290,112	270,043
-	-	-	-	-	-	76,410	27,281
-	-	-	-	-	-	270,713	255,799
-	-	-	-	-	-	97,441	83,136
-	-	-	20	-	-	734,676	636,259
-	-	-	14,800	-	-	2,425,994	2,378,627
200	850	-	(14,795)	-	-	(1,169,558)	473,604
-	-	-	(344,293)	412,729	527,555	-	-
-	-	-	-	(412,729)	(527,555)	-	-
-	-	-	(344,293)	-	-	-	-
200	850	-	(359,088)	-	-	(1,169,558)	473,604
-	-	-	-	-	-	411	451
200	850	-	(359,088)	-	-	(1,169,969)	473,153
30,140	29,290	-	359,088	-	-	12,826,335	12,353,182
\$ 30,340	\$ 30,140	\$ -	\$ -	\$ -	\$ -	\$ 11,656,366	\$ 12,826,335

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES – OPERATING FUND
Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Support:			
Grants and contributions	\$ 136,812	\$ 550	\$ 137,362
In-kind donations	56,924	-	56,924
Grants from local government agencies	660,000	95,000	755,000
Fundraising events	219,954	-	219,954
Annual donations	410,885	-	410,885
Investment income	13,429	79	13,508
Net unrealized and realized losses on long-term investments	(111,603)	-	(111,603)
Admissions charges	59,899	-	59,899
Auxiliary activities	333,139	-	333,139
Rents and royalties	29,743	-	29,743
Other	2,706	-	2,706
Net assets released from restrictions	94,011	(94,011)	-
Total support and revenues	<u>1,905,899</u>	<u>1,618</u>	<u>1,907,517</u>
Expenses			
Program services:			
Archive, exhibits and collections	17,398	-	17,398
Education programs	77,656	-	77,656
General program services	1,213,516	-	1,213,516
	<u>1,308,570</u>	<u>-</u>	<u>1,308,570</u>
Support services:			
Management and general	287,661	-	287,661
Costs of direct donor benefits	76,410	-	76,410
Fundraising	268,773	-	268,773
Auxiliary services	96,486	-	96,486
	<u>729,330</u>	<u>-</u>	<u>729,330</u>
Total expenses	<u>2,037,900</u>	<u>-</u>	<u>2,037,900</u>
Change in net assets from operations	(132,001)	1,618	(130,383)
Other changes			
Transfers out	(237,751)	-	(237,751)
Transfers in	174,978	-	174,978
Total other charges	<u>(62,773)</u>	<u>-</u>	<u>(62,773)</u>
Change in net assets related to collection items not capitalized	(194,774)	1,618	(193,156)
Collection items purchased but not capitalized	<u>411</u>	<u>-</u>	<u>411</u>
Change in net assets	(195,185)	1,618	(193,567)
Net assets - beginning of year	<u>1,667,076</u>	<u>47,726</u>	<u>1,714,802</u>
Net assets - end of year	<u>\$ 1,471,891</u>	<u>\$ 49,344</u>	<u>\$ 1,521,235</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES – OPERATING FUND
Year ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
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
Admissions 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	109,967	(109,967)	-
Total support and revenues	<u>2,430,370</u>	<u>(14,395)</u>	<u>2,415,975</u>
Expenses			
Program services:			
Archive, exhibits and collections	14,890	-	14,890
Education programs	103,715	-	103,715
General program services	1,222,658	-	1,222,658
	<u>1,341,263</u>	<u>-</u>	<u>1,341,263</u>
Support 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
	<u>630,108</u>	<u>-</u>	<u>630,108</u>
Total expenses	<u>1,971,371</u>	<u>-</u>	<u>1,971,371</u>
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 charges	<u>101,006</u>	<u>-</u>	<u>101,006</u>
Change in net assets related to collection items not capitalized	<u>560,005</u>	<u>(14,395)</u>	<u>545,610</u>
Collection items purchased but not capitalized	<u>451</u>	<u>-</u>	<u>451</u>
Change in net assets	<u>559,554</u>	<u>(14,395)</u>	<u>545,159</u>
Net assets - beginning of year	<u>1,107,522</u>	<u>62,121</u>	<u>1,169,643</u>
Net assets - end of year	<u>\$ 1,667,076</u>	<u>\$ 47,726</u>	<u>\$ 1,714,802</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES – PLANT FUND
Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Support:			
Grants and contributions	\$ -	\$ 50	\$ 50
In-kind donations	-	-	-
Grants from local government agencies	-	-	-
Fundraising events	-	-	-
Annual donations	-	-	-
Investment income	23	-	23
Net unrealized and realized losses on long-term investments	-	-	-
Admissions charges	-	-	-
Auxiliary activities	-	-	-
Rents and royalties	-	-	-
Other	-	-	-
Net assets released from restrictions	-	-	-
Total support and revenues	<u>23</u>	<u>50</u>	<u>73</u>
Expenses			
Program services:			
Archive, exhibits and collections	253,772	-	253,772
Education programs	-	-	-
General program services	<u>128,976</u>	<u>-</u>	<u>128,976</u>
	<u>382,748</u>	<u>-</u>	<u>382,748</u>
Support services:			
Management and general	2,451	-	2,451
Costs of direct donor benefits	-	-	-
Fundraising	1,940	-	1,940
Auxiliary services	<u>955</u>	<u>-</u>	<u>955</u>
	<u>5,346</u>	<u>-</u>	<u>5,346</u>
Total expenses	<u>388,094</u>	<u>-</u>	<u>388,094</u>
Change in net assets from operations	(388,071)	50	(388,021)
Other changes			
Transfers out	-	-	-
Transfers in	<u>237,751</u>	<u>-</u>	<u>237,751</u>
Total other charges	<u>237,751</u>	<u>-</u>	<u>237,751</u>
Change in net assets related to collection items not capitalized	(150,320)	50	(150,270)
Collection items purchased but not capitalized	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(150,320)	50	(150,270)
Net assets - beginning of year	<u>6,678,352</u>	<u>12,095</u>	<u>6,690,447</u>
Net assets - end of year	<u>\$ 6,528,032</u>	<u>\$ 12,145</u>	<u>\$ 6,540,177</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES – PLANT FUND
Year ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Support:			
Grants and contributions	\$ -	\$ 200	\$ 200
In-kind donations	-	-	-
Grants from local government agencies	-	-	-
Fundraising events	-	-	-
Annual donations	-	-	-
Investment income	17	-	17
Net unrealized and realized gains on long-term investments	-	-	-
Admissions charges	-	-	-
Auxiliary activities	-	-	-
Rents and royalties	-	-	-
Other	-	-	-
Net assets released from restrictions	-	-	-
Total support and revenues	<u>17</u>	<u>200</u>	<u>217</u>
Expenses			
Program services:			
Archive, exhibits and collections	256,157	-	256,157
Education programs	-	-	-
General program services	<u>130,168</u>	<u>-</u>	<u>130,168</u>
	<u>386,325</u>	<u>-</u>	<u>386,325</u>
Support services:			
Management and general	2,475	-	2,475
Costs of direct donor benefits	-	-	-
Fundraising	2,694	-	2,694
Auxiliary services	<u>962</u>	<u>-</u>	<u>962</u>
	<u>6,131</u>	<u>-</u>	<u>6,131</u>
Total expenses	<u>392,456</u>	<u>-</u>	<u>392,456</u>
Change in net assets from operations	(392,439)	200	(392,239)
Other changes			
Transfers out	-	-	-
Transfers in	<u>385,421</u>	<u>-</u>	<u>385,421</u>
Total other charges	<u>385,421</u>	<u>-</u>	<u>385,421</u>
Change in net assets related to collection items not capitalized	<u>(7,018)</u>	<u>200</u>	<u>(6,818)</u>
Collection items purchased but not capitalized	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(7,018)</u>	<u>200</u>	<u>(6,818)</u>
Net assets - beginning of year	<u>6,685,370</u>	<u>11,895</u>	<u>6,697,265</u>
Net assets - end of year	<u>\$ 6,678,352</u>	<u>\$ 12,095</u>	<u>\$ 6,690,447</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES – ENDOWMENT FUND
Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Support:			
Grants and contributions	\$ -	\$ -	\$ -
In-kind donations	-	-	-
Grants from local government agencies	-	-	-
Fundraising events	-	-	-
Annual donations	-	-	-
Investment income	27,877	42,484	70,361
Net unrealized and realized losses on long-term investments	(298,154)	(456,730)	(754,884)
Admissions charges	-	-	-
Auxiliary activities	-	-	-
Rents and royalties	32,030	-	32,030
Other	1,139	-	1,139
Net assets released from restrictions	111,807	(111,807)	-
Total support and revenues	<u>(125,301)</u>	<u>(526,053)</u>	<u>(651,354)</u>
Expenses			
Program services:			
Archive, exhibits and collections	-	-	-
Education programs	-	-	-
General program services	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Support services:			
Management and general	-	-	-
Costs of direct donor benefits	-	-	-
Fundraising	-	-	-
Auxiliary services	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets from operations	(125,301)	(526,053)	(651,354)
Other changes			
Transfers out	(174,978)	-	(174,978)
Transfers in	-	-	-
Total other charges	<u>(174,978)</u>	<u>-</u>	<u>(174,978)</u>
Change in net assets related to collection items not capitalized	(300,279)	(526,053)	(826,332)
Collection items purchased but not capitalized	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(300,279)	(526,053)	(826,332)
Net assets - beginning of year	<u>1,784,976</u>	<u>2,605,970</u>	<u>4,390,946</u>
Net assets - end of year	<u>\$ 1,484,697</u>	<u>\$ 2,079,917</u>	<u>\$ 3,564,614</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES – ENDOWMENT FUND
Year ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Support:			
Grants and contributions	\$ -	\$ -	\$ -
In-kind donations	-	-	-
Grants from local government agencies	-	-	-
Fundraising events	-	-	-
Annual donations	-	-	-
Investment income	27,077	41,572	68,649
Net unrealized and realized gains on long-term investments	139,906	215,349	355,255
Admissions charges	-	-	-
Auxiliary activities	-	-	-
Rents and royalties	10,317	-	10,317
Other	963	-	963
Net assets released from restrictions	91,116	(91,116)	-
Total support and revenues	<u>269,379</u>	<u>165,805</u>	<u>435,184</u>
Expenses			
Program services:			
Archive, exhibits and collections	-	-	-
Education programs	-	-	-
General program services	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Support services:			
Management and general	-	-	-
Costs of direct donor benefits	-	-	-
Fundraising	-	-	-
Auxiliary services	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets from operations	269,379	165,805	435,184
Other changes			
Transfers out	(142,134)	-	(142,134)
Transfers in	-	-	-
Total other charges	<u>(142,134)</u>	<u>-</u>	<u>(142,134)</u>
Change in net assets related to collection items not capitalized	<u>127,245</u>	<u>165,805</u>	<u>293,050</u>
Collection items purchased but not capitalized	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>127,245</u>	<u>165,805</u>	<u>293,050</u>
Net assets - beginning of year	<u>1,657,731</u>	<u>2,440,165</u>	<u>4,097,896</u>
Net assets - end of year	<u>\$ 1,784,976</u>	<u>\$ 2,605,970</u>	<u>\$ 4,390,946</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES – LEGACY PARK FUND
Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Support:			
Grants and contributions	\$ -	\$ 200	\$ 200
In-kind donations	-	-	-
Grants from local government agencies	-	-	-
Fundraising events	-	-	-
Annual donations	-	-	-
Investment income	-	-	-
Net unrealized and realized losses on long-term investments	-	-	-
Admissions charges	-	-	-
Auxiliary activities	-	-	-
Rents and royalties	-	-	-
Other	-	-	-
Net assets released from restrictions	-	-	-
Total support and revenues	-	200	200
Expenses			
Program services:			
Archive, exhibits and collections	-	-	-
Education programs	-	-	-
General program services	-	-	-
Support services:			
Management and general	-	-	-
Costs of direct donor benefits	-	-	-
Fundraising	-	-	-
Auxiliary services	-	-	-
Total expenses	-	-	-
Change in net assets from operations	-	200	200
Other changes			
Transfers out	-	-	-
Transfers in	-	-	-
Total other charges	-	-	-
Change in net assets related to collection items not capitalized	-	200	200
Collection items purchased but not capitalized	-	-	-
Change in net assets	-	200	200
Net assets - beginning of year	-	30,140	30,140
Net assets - end of year	\$ -	\$ 30,340	\$ 30,340

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES – LEGACY PARK FUND
Year ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Support:			
Grants and contributions	\$ -	\$ 850	\$ 850
In-kind donations	-	-	-
Grants from local government agencies	-	-	-
Fundraising events	-	-	-
Annual donations	-	-	-
Investment income	-	-	-
Net unrealized and realized gains on long-term investments	-	-	-
Admissions charges	-	-	-
Auxiliary activities	-	-	-
Rents and royalties	-	-	-
Other	-	-	-
Net assets released from restrictions	-	-	-
Total support and revenues	-	850	850
Expenses			
Program services:			
Archive, exhibits and collections	-	-	-
Education programs	-	-	-
General program services	-	-	-
	-	-	-
Support services:			
Management and general	-	-	-
Costs of direct donor benefits	-	-	-
Fundraising	-	-	-
Auxiliary services	-	-	-
	-	-	-
Total expenses	-	-	-
Change in net assets from operations	-	850	850
Other changes			
Transfers out	-	-	-
Transfers in	-	-	-
Total other charges	-	-	-
Change in net assets related to collection items not capitalized	-	850	850
Collection items purchased but not capitalized	-	-	-
Change in net assets	-	850	850
Net assets - beginning of year	-	29,290	29,290
Net assets - end of year	\$ -	\$ 30,140	\$ 30,140

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES – JAIL FUND
Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Support:			
Grants and contributions	\$ -	\$ -	\$ -
In-kind donations	-	-	-
Grants from local government agencies	-	-	-
Fundraising events	-	-	-
Annual donations	-	-	-
Investment income	-	-	-
Net unrealized and realized losses on long-term investments	-	-	-
Admissions charges	-	-	-
Auxiliary activities	-	-	-
Rents and royalties	-	-	-
Other	-	-	-
Net assets released from restrictions	-	-	-
Total support and revenues	-	-	-
Expenses			
Program services:			
Archive, exhibits and collections	-	-	-
Education programs	-	-	-
General program services	-	-	-
	-	-	-
Support services:			
Management and general	-	-	-
Costs of direct donor benefits	-	-	-
Fundraising	-	-	-
Auxiliary services	-	-	-
	-	-	-
Total expenses	-	-	-
Change in net assets from operations	-	-	-
Other changes			
Transfers out	-	-	-
Transfers in	-	-	-
Total other charges	-	-	-
Change in net assets related to collection items not capitalized	-	-	-
Collection items purchased but not capitalized	-	-	-
Change in net assets	-	-	-
Net assets - beginning of year	-	-	-
Net assets - end of year	\$ -	\$ -	\$ -

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF ACTIVITIES – JAIL FUND
Year ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Support:			
Grants and contributions	\$ -	\$ -	\$ -
In-kind donations	-	-	-
Grants from local government agencies	-	-	-
Fundraising events	-	-	-
Annual donations	-	-	-
Investment income	5	-	5
Net unrealized and realized gains on long-term investments	-	-	-
Admissions charges	-	-	-
Auxiliary activities	-	-	-
Rents and royalties	-	-	-
Other	-	-	-
Net assets released from restrictions	23,615	(23,615)	-
Total support and revenues	23,620	(23,615)	5
Expenses			
Program services:			
Archive, exhibits and collections	-	-	-
Education programs	-	-	-
General program services	14,780	-	14,780
	14,780	-	14,780
Support services:			
Management and general	20	-	20
Costs of direct donor benefits	-	-	-
Fundraising	-	-	-
Auxiliary services	-	-	-
	20	-	20
Total expenses	14,800	-	14,800
Change in net assets from operations	8,820	(23,615)	(14,795)
Other changes			
Transfers out	(344,293)	-	(344,293)
Transfers in	-	-	-
Total other charges	(344,293)	-	(344,293)
Change in net assets related to collection items not capitalized	(335,473)	(23,615)	(359,088)
Collection items purchased but not capitalized	-	-	-
Change in net assets	(335,473)	(23,615)	(359,088)
Net assets - beginning of year	335,473	23,615	359,088
Net assets - end of year	\$ -	\$ -	\$ -

MUSEUM OF SOUTH TEXAS HISTORY

STATEMENTS OF CASH FLOWS

Years ended December 31, 2022 and 2021

	Operating		Plant		Endowment	
	2022	2021	2022	2021	2022	2021
Cash flows from operating activities:						
Change in net assets	\$(130,383)	\$ 444,604	\$(388,021)	\$(392,239)	\$(651,354)	\$ 435,184
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:						
Depreciation and amortization	-	-	388,094	392,456	-	-
Collections items purchased	(411)	(451)	-	-	-	-
Unrealized gains and losses and income on investments	100,874	51,396	-	-	684,658	321,862
Noncash debt forgiveness	-	(187,000)	-	-	-	-
Changes in operating assets and liabilities:						
Interest receivable	-	1,706	-	-	-	11,887
Accounts receivable, net	(87,293)	40,895	-	-	-	-
Inventory	(10,579)	12,834	-	-	-	-
Other current assets	(4,733)	(1,108)	-	-	-	-
Due from other funds	-	490	-	800	-	-
Accounts payable	(39,777)	39,502	-	-	-	-
Accrued expenses	(4,912)	(8,935)	-	-	-	-
Due to other funds	-	(1,878)	-	-	-	-
Contract liabilities	(4,005)	69,825	-	-	-	-
Deferred revenue	(10,594)	(24,236)	-	-	-	-
Net cash (used in) provided by operating activities	(191,813)	437,644	73	1,017	33,304	768,933
Cash flows from investing activities:						
Proceeds from investment sales	-	501,673	-	-	206,451	3,468,163
Purchases of investments	-	(570,724)	-	-	-	(4,155,970)
Acquisitions of property and equipment	-	(41,128)	(237,752)	-	-	-
Net cash (used in) provided by investing activities	-	(110,179)	(237,752)	-	206,451	(687,807)
Cash flow from financing activities						
Transfer in	174,978	142,134	237,751	-	-	-
Transfer out	(237,751)	-	-	-	(174,978)	(142,134)
Net cash (used in) provided by investing activities	(62,773)	142,134	237,751	-	(174,978)	(142,134)
Net (decrease) increase in cash	(254,586)	469,599	72	1,017	64,777	(61,008)
Cash and cash equivalents - beginning of year	1,183,966	714,367	24,129	23,112	230,952	291,960
Cash and cash equivalents - end of year	<u>\$ 929,380</u>	<u>\$ 1,183,966</u>	<u>\$ 24,201</u>	<u>\$ 24,129</u>	<u>\$ 295,729</u>	<u>\$ 230,952</u>

MUSEUM OF SOUTH TEXAS HISTORY
STATEMENTS OF CASH FLOWS - CONTINUED
Years ended December 31, 2022 and 2021

Legacy Park		Save Our Jail		Elimination		Total	
2022	2021	2022	2021	2022	2021	2022	2021
\$ 200	\$ 850	\$ -	\$ (14,795)	\$ -	\$ -	\$ (1,169,558)	\$ 473,604
-	-	-	-	-	-	388,094	392,456
-	-	-	-	-	-	(411)	(451)
-	-	-	-	-	-	785,532	373,258
-	-	-	-	-	-	-	(187,000)
-	-	-	-	-	-	-	13,593
-	-	-	-	-	-	(87,293)	40,895
-	-	-	-	-	-	(10,579)	12,834
-	-	-	-	-	-	(4,733)	(1,108)
-	-	-	1,078	-	-	-	2,368
-	-	-	(12,850)	-	-	(39,777)	26,652
-	-	-	-	-	-	(4,912)	(8,935)
-	-	-	(490)	-	-	-	(2,368)
-	-	-	-	-	-	(4,005)	69,825
-	-	-	-	-	-	(10,594)	(24,236)
200	850	-	(27,057)	-	-	(158,236)	1,181,387
-	-	-	-	-	-	206,451	3,969,836
-	-	-	-	-	-	-	(4,726,694)
-	-	-	(15,490)	-	-	(237,752)	(56,618)
-	-	-	(15,490)	-	-	(31,301)	(813,476)
-	-	-	-	(412,729)	(142,134)	-	-
-	-	-	-	412,729	142,134	-	-
-	-	-	-	-	-	-	-
200	850	-	(42,547)	-	-	(189,537)	367,911
30,140	29,290	-	42,547	-	-	1,469,187	1,101,276
\$ 30,340	\$ 30,140	\$ -	\$ -	\$ -	\$ -	\$ 1,279,650	\$ 1,469,187