

Skirball Cultural Center
Financial Statements
and Independent Auditor's Report
June 30, 2023

Skirball Cultural Center

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Independent Auditor's Report

To the Board of Trustees
Skirball Cultural Center

Opinion

We have audited the financial statements of Skirball Cultural Center, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Skirball Cultural Center as of June 30, 2023, 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 ("GAAS"). 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 Skirball Cultural Center 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.

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 Skirball Cultural Center's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Skirball Cultural Center'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 Skirball Cultural Center'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.

CohnReznick LLP

Los Angeles, California
February 21, 2024

Skirball Cultural Center

**Statement of Financial Position
June 30, 2023**

Assets

Current assets	
Cash and cash equivalents	\$ 9,889,179
Contributions receivable, current portion	2,742,277
Prepaid expenses and other current assets	959,345
	<hr/>
Total current assets	13,590,801
	<hr/>
Collections	
Property and equipment, net	
Land	6,951,705
Buildings and building improvements	150,434,350
Equipment	7,984,517
Noah's Ark exhibit	5,405,006
	<hr/>
	170,775,578
Less accumulated depreciation	(64,271,286)
	<hr/>
Total property and equipment, net	106,504,292
	<hr/>
Other assets	
Contributions receivable, net of current portion	2,594,758
Investments	32,603,336
Investments restricted for endowment	251,265,574
	<hr/>
Total	\$ 406,558,761
	<hr/> <hr/>

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	\$ 2,705,488
Refundable deposits	696,563
	<hr/>
Total current liabilities	3,402,051
	<hr/>
Commitments and contingencies	
Net assets	
Without donor restrictions	274,854,167
With donor restrictions	128,302,543
	<hr/>
Total net assets	403,156,710
	<hr/>
Total	\$ 406,558,761
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See Notes to Financial Statements.

Skirball Cultural Center
Statement of Activities
Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Revenues and support			
Contributions	\$ 5,927,573	\$ 4,196,658	\$ 10,124,231
In-kind contributions	86,990	-	86,990
Investment income, net	13,061,487	10,523,587	23,585,074
Private events	10,064,633	-	10,064,633
Museum shop	366,603	-	366,603
Memberships	459,307	-	459,307
Museum admissions	375,857	-	375,857
Teacher trainings and other revenue	197,721	-	197,721
Performance and lectures	152,760	-	152,760
Net assets released from restrictions			
Time restrictions	1,234,755	(1,234,755)	-
Maintenance, administration	3,917,979	(3,917,979)	-
Endowment appropriation	5,911,261	(5,911,261)	-
Total revenues and support	41,756,926	3,656,250	45,413,176
Functional expenses			
Program services			
Museum	6,713,289	-	6,713,289
Education	6,005,816	-	6,005,816
Performances and lectures	3,695,657	-	3,695,657
Private events	11,673,581	-	11,673,581
Museum shop	1,248,203	-	1,248,203
Total program services	29,336,546	-	29,336,546
Supporting services			
Management and general	1,357,520	-	1,357,520
Development	1,955,522	-	1,955,522
Total supporting services	3,313,042	-	3,313,042
Total functional expenses	32,649,588	-	32,649,588
Change in net assets	9,107,338	3,656,250	12,763,588
Net assets, beginning	265,746,829	124,646,293	390,393,122
Net assets, end	<u>\$ 274,854,167</u>	<u>\$ 128,302,543</u>	<u>\$ 403,156,710</u>

See Notes to Financial Statements.

Skirball Cultural Center

Statement of Functional Expenses Year Ended June 30, 2023

	Program Services					Supporting Services			Total expenses	
	Museum	Education	Performances and lectures	Private events	Museum shop	Total	Management and general	Development		Total
Salaries	\$ 2,694,510	\$ 2,900,069	\$ 1,516,692	\$ 5,557,888	\$ 523,880	\$ 13,193,039	\$ 700,094	\$ 1,202,442	\$ 1,902,536	\$ 15,095,575
Payroll taxes and benefits	641,857	790,166	344,063	1,308,139	119,806	3,204,031	130,877	210,698	341,575	3,545,606
	3,336,367	3,690,235	1,860,755	6,866,027	643,686	16,397,070	830,971	1,413,140	2,244,111	18,641,181
Depreciation and amortization	878,312	1,073,275	643,965	1,287,929	107,327	3,990,808	214,655	107,327	321,982	4,312,790
Professional fees	188,488	200,920	132,765	202,737	88,154	813,064	83,860	111,040	194,900	1,007,964
Building services and supplies	182,042	282,359	169,416	382,677	28,236	1,044,730	56,472	28,236	84,708	1,129,438
Power, gas and water	172,363	215,454	129,272	258,545	21,545	797,179	43,091	21,545	64,636	861,815
Office services	82,760	111,505	51,490	179,045	36,266	461,066	20,501	24,109	44,610	505,676
Exhibits and collection	1,295,094	11,528	-	-	-	1,306,622	-	-	-	1,306,622
Insurance	46,253	46,203	46,203	46,203	46,203	231,065	46,203	46,203	92,406	323,471
Performances and lectures	-	-	514,086	-	-	514,086	-	-	-	514,086
Advertisement and promotion	154,792	67,788	44,344	22,076	3,076	292,076	716	2,628	3,344	295,420
Repairs and maintenance	60,723	57,102	34,261	68,522	5,710	226,318	11,420	5,710	17,130	243,448
Cost of goods sold	-	-	-	1,973,443	218,734	2,192,177	-	-	-	2,192,177
School and family programs	80,111	175,520	4,140	-	-	259,771	-	-	-	259,771
Miscellaneous	38,902	38,905	28,196	104,470	13,721	224,194	34,771	155,237	190,008	414,202
Telephone	4,536	7,952	3,578	18,512	2,384	36,962	2,132	1,213	3,345	40,307
Security	152,760	1,809	6,333	12,665	1,809	175,376	2,714	1,809	4,523	179,899
Bank and card fees	8,147	6,840	6,840	220,776	23,633	266,236	-	6,579	6,579	272,815
Printing and supplies	13,815	9,927	11,470	24,839	3,210	63,261	1,997	2,509	4,506	67,767
Travel and entertainment	15,108	6,456	6,776	4,143	4,001	36,484	5,807	16,004	21,811	58,295
Membership	2,173	1,534	1,534	894	392	6,527	2,210	10,825	13,035	19,562
Meetings and conferences	543	504	233	78	116	1,474	-	1,408	1,408	2,882
Total expenses	\$ 6,713,289	\$ 6,005,816	\$ 3,695,657	\$ 11,673,581	\$ 1,248,203	\$ 29,336,546	\$ 1,357,520	\$ 1,955,522	\$ 3,313,042	\$ 32,649,588

See Notes to Financial Statements.

Skirball Cultural Center
Statement of Cash Flows
Year Ended June 30, 2023

Cash flows from operating activities	
Change in net assets	\$ 12,763,588
Adjustments to reconcile change in net assets to net cash used in operating activities	
Change in discount of contributions receivable	(108,078)
Depreciation and amortization	4,312,790
Net realized and unrealized gain on investments	(21,860,861)
Changes in operating assets and liabilities	
Contributions receivable	(1,007,367)
Prepaid expenses and other current assets	45,448
Accounts payable and accrued expenses	(253,276)
Refundable deposits	<u>(51,073)</u>
Net cash used in operating activities	<u>(6,158,829)</u>
Cash flows from investing activities	
Purchases of investments	(65,756,751)
Proceeds from sales of investments	58,853,082
Acquisition of property and equipment	<u>(1,782,670)</u>
Net cash used in investing activities	<u>(8,686,339)</u>
Net decrease in cash and cash equivalents	(14,845,168)
Cash and cash equivalents, beginning	<u>24,734,347</u>
Cash and cash equivalents, end	<u>\$ 9,889,179</u>

See Notes to Financial Statements.

Skirball Cultural Center
Notes to Financial Statements
June 30, 2023

Note 1 - Business activity and summary of significant accounting policies

Business activity

The Skirball Cultural Center, a California Nonprofit Corporation ("the Skirball"), is a place of meeting guided by the Jewish tradition of welcoming the stranger and inspired by the American democratic ideals of freedom and equality. With nearly a half million square feet of performance and convening spaces on its campus atop the Santa Monica Mountains, the Skirball welcomes people of all communities and generations to participate in cultural experiences that celebrate discovery and hope, foster human connections, and call upon us to help build a more just society.

Open to the public since 1996, the Skirball has established itself as one of the world's most dynamic Jewish cultural institutions and among the leading cultural venues in Los Angeles. In a typical year roughly 100,000 school children visit the Skirball's Museum, holiday festivals, and weekend art studios. More than twice that many people travel to the Skirball annually for life cycle and community events. Thousands more regularly participate in adult learning classes, lectures series, and concerts, among other programs.

In all its activities, the Skirball's mission is expressed with emphasis on six essential Jewish values, drawn from ancient texts and teaching. They are:

- Welcome the stranger
- Honor memory
- Seek learning
- Pursue justice
- Build community
- Show kindness

Basis of accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial statement presentation

The Skirball is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions, which are described as follows:

Net Assets without Donor Restrictions - Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve through a board-designated endowment.

Skirball Cultural Center

Notes to Financial Statements June 30, 2023

Net Assets with Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, 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 those estimates.

Cash and cash equivalents

Cash and cash equivalents includes demand deposits and all highly liquid investments with initial maturities at the date of acquisition of three months or less that are available for current use.

Investments

Investments are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities.

Investments restricted for endowments is comprised of investments in endowment funds that are restricted by donors for a variety of purposes (see Note 9).

Contributions

Contributions received, including unconditional promises to give, are recorded as revenues in the period received at their fair value. For financial reporting purposes, the Skirball distinguishes between contributions without donor restrictions and with donor restrictions. Contributions for which donors have imposed restrictions limiting the use of the donated assets are reported as contributions with donor restrictions. When such donor-imposed restrictions are met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions of assets which donors have stipulated must be maintained in perpetuity, with only the income earned thereon available for current use, are classified as net assets with donor restrictions. Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions but which are met within the same reporting period, are reported as net assets without donor restrictions.

Unconditional promises to give, with payments due in periods greater than one year, are reported as net assets with donor restrictions and are recorded net of a discount. Gifts of land, buildings and equipment are reported as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations, the Skirball reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Skirball Cultural Center
Notes to Financial Statements
June 30, 2023

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of June 30, 2023, the Skirball did not have any conditional contributions.

Functional allocation of expenses

The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on personnel time and space utilized for activities.

Contributions and accounts receivable

The Skirball considers all contributions and accounts receivable to be fully collectible and, as such, an allowance for doubtful accounts is not considered necessary. Accounts receivable is included in prepaid expenses and other current assets in the accompanying statement of financial position.

Collections

The Skirball does not capitalize its collections. The collections are made up of artifacts of historical significance and art objects that are held for educational and curatorial purposes. Each of the items is catalogued, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sales to be used to acquire other items for collections.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, generally ranging from 5 to 40 years, and commences when assets are placed in service. Depreciation expense for the year ended June 30, 2023 was \$4,293,098.

Noah's Ark exhibit expenditures have been capitalized and are being amortized over five to ten years using the straight-line method. Amortization expense was \$19,692, for the year ended June 30, 2023.

Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Long-lived assets

Long-lived assets to be held and used are reviewed for events or changes in circumstances that indicate that their carrying value may not be recoverable. No impairments were recorded during the year ended June 30, 2023.

Fair value of financial instruments

The Skirball's financial instruments consist of cash and cash equivalents, short and long-term receivables, investments, and short-term payables. The carrying value for all such instruments, considering the terms, approximates fair value at June 30, 2023.

Skirball Cultural Center

Notes to Financial Statements June 30, 2023

Private events and merchandise sales

The Skirball has an on-site café and an in-house team of culinary professionals that offer a spectrum of exquisite dining options, including personal design of a custom gourmet menu for various occasions. Merchandise sales consist primarily of sales of culturally inspired souvenirs and other decorative gifts. Sales occur primarily at the Skirball's museum shop. Revenue derived from food service is recognized when earned, at the time the food service is provided and revenue from merchandise sales are recognized at the time of the sale.

Rental income is derived through the offering of the Skirball's various capacities for a widespread array of events. The public can rent areas of the Skirball for conferences and meetings, social gatherings, and other private events. Rental revenues are recognized when earned, at the time the event occurs and is included in private events in the accompanying statement of activities.

Membership dues and admissions

Membership dues and admission fees consist of amounts that families and individuals pay to explore museum galleries and to participate in culturally inspired film and educational classes, recreational activities and other various programs offered by the Skirball. Members join for varying lengths of time and memberships include free or discounted general museum admission and shop discounts. Admission income is recognized at the time admission is granted. Membership dues are received in advance and recognized as revenue over the period the membership services are provided.

Teacher trainings and performances and lectures

Teacher trainings and performances and lectures are recognized as revenue when the service is provided and when the revenue is earned.

Fair value measurements

The Skirball values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3 - Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Income taxes

The Skirball is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and Section 23101(d) of the Revenue Taxation Code of California and is a publicly supported organization as described in Section 509(a) of the IRC.

Skirball Cultural Center

Notes to Financial Statements June 30, 2023

The Skirball has no unrecognized tax benefits at June 30, 2023. The Skirball's federal and state income tax returns prior to the 2020 and 2019 fiscal years, respectively, are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. Management has analyzed the tax positions taken by the Skirball and has concluded that, as of June 30, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

If applicable, the Skirball recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with accrued expenses in the statement of financial position.

Merchandise inventory

Inventory of \$264,386 consists of finished goods held for sale in connection with the Skirball's museum shop and restaurant and is included in prepaid expenses and other current assets in the accompanying statement of financial position. Inventory is valued at cost (first-in, first-out) or net realizable value, whichever is lower.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$295,420 for the year ended June 30, 2023.

Contributed services

A substantial number of volunteers have donated significant amounts of their time to the Skirball and its educational programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Adoption of new accounting pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, *Leases* ("Topic 842"), which establishes the principles to report transparent and economical neutral information about the assets and liabilities that arise from leases. The guidance results in a more faithful representation of the rights and obligations arising from operating and capital leases in the statements of financial position and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and option to renew and terminate leases. The Skirball has elected to apply the deferrals provided by ASU 2020-05, and thereafter adopted Topic 842 for fiscal years beginning after December 15, 2021 on a modified retrospective basis with a cumulative effect transition adjustment as of the beginning of the period that includes initial adoption of the standard. The Skirball evaluated the potential impact of adoption, and due to the Skirball not having significant operating leases at June 30, 2023, there was not a material impact on the financial statements.

Subsequent events

The Skirball has evaluated the impact of subsequent events through February 21, 2024 which is the date the financial statements were available to be issued.

Note 2 - Liquidity and availability

The Skirball regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Skirball has various sources of liquidity at its disposal, including cash and cash equivalents, contributions receivable, and investments.

Skirball Cultural Center
Notes to Financial Statements
June 30, 2023

At June 30, 2023, the Skirball had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$	9,889,179
Contributions receivable, current portion		2,742,277
Investments		32,603,336
	\$	45,234,792

Note 3 - Concentrations

Financial instruments that potentially subject the Skirball to concentrations of credit risk consist primarily of cash and cash equivalents. The Skirball maintains its cash and cash equivalents with high credit quality financial institutions. At times, such amounts may exceed federally insured limits.

The Skirball's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Skirball's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

At June 30, 2023, approximately 65% of the Skirball's contributions receivable were from four donors.

For the year ended June 30, 2023, approximately 19% of the Skirball's contributions were provided by one donor.

Note 4 - Contributions receivable

At June 30, 2023, contributions receivable consists of unconditional promises to give and have been recorded at their present values. Those receivables that are due in future periods have been discounted to their present values, using a discount rate of 6%. The receivables are recorded as follows:

	2024	\$	2,742,277
	2025		1,444,600
	2026		497,500
	2027		446,500
	2028		388,000
	Thereafter		135,000
			5,653,877
Less discount for present value			(316,842)
			5,337,035
Net realizable value			5,337,035
Less current portion			(2,742,277)
		\$	2,594,758

Skirball Cultural Center
Notes to Financial Statements
June 30, 2023

Note 5 - Investments

At June 30, 2023, investments consist of the following:

Money market funds	\$	3,045,355
Mutual funds		
Fixed income - domestic multi-strategy		10,561,573
Fixed income - domestic short-term		1,273,588
Exchange traded funds		6,970,510
Equities		
Domestic		5,133,192
International		6,001,715
Fixed income		47,729,026
Alternative investments		203,153,950
Other		<u>1</u>
Total investments		283,868,910
Less investments restricted for endowment		<u>251,265,574</u>
Investments	\$	<u><u>32,603,336</u></u>

Donated interest in other investments (primarily an interest in oil wells) is recorded at \$1, since the value is indeterminable.

Skirball Cultural Center
Notes to Financial Statements
June 30, 2023

At June 30, 2023, the Skirball has the following investments in entities that calculate net asset value ("NAV") per share:

Investment strategy	Fair value	Redemption terms	Redemption restrictions	Redemption restrictions in place at year end	Unfunded commitments
Distressed	\$ 6,647	Quarterly with 90 days notice	None	None	\$ -
Distressed (a)	9,704	Distributions occur upon termination of fund	No redemption rights	Investment is not redeemable at 6/30/2023	100,000
Global equity	3,439,552	Quarterly with 60 days notice	None	None	-
Multi-strategy	38,483,081	Monthly with 15 days notice	None	None	-
Private equity	25,624,803	Monthly	None	None	34,502,176
Global equity	88,397,552	Monthly with 15 days notice	None	None	-
Global equity	22,629,869	Quarterly with 30 days notice	None	None	-
Multi-strategy	265,000	Quarterly with 90 days notice	Rolling 2 year lock-up eligible on 6/30/2023	Rolling 2 year lock-up eligible on 6/30/2023	-
Real estate	1,602,487	Monthly	None	None	4,395,505
Private equity fund of funds (a)	295,059	Illiquid for the life of the fund	No redemption rights	Investment is not redeemable at 6/30/2023	67,812
Multi-strategy	4,329,743	Monthly	Redemption limited to 33% annually	Redemption limited to 33% annually	-
Distressed (a)	4,853,735	Illiquid for the life of the fund	No redemption rights	Investment is not redeemable at 6/30/2023	360,000

Skirball Cultural Center

**Notes to Financial Statements
June 30, 2023**

<u>Investment strategy</u>	<u>Fair value</u>	<u>Redemption terms</u>	<u>Redemption restrictions</u>	<u>Redemption restrictions in place at year end</u>	<u>Unfunded commitments</u>
Event driven	16,353	Quarterly with 65 days notice	None	None	-
Real estate (b)	2,682,323	Illiquid for the life of the fund	No redemption rights	Investment is not redeemable at 6/30/2023	1,812,500
Distressed (c)	990,084	Illiquid for the life of the fund	No redemption rights	Investment is not redeemable at 6/30/2023	408,831
Distressed (c)	954,968	Illiquid for the life of the fund	No redemption rights	Investment is not redeemable at 6/30/2023	80,236
Private equity fund of funds (d)	2,256,370	Illiquid for the life of the fund	No redemption rights	Investment is not redeemable at 6/30/2023	276,686
Energy (a)	911,985	Illiquid for the life of the fund	No redemption rights	Investment is not redeemable at 6/30/2023	15,144
Global equity (a)	2,898,892	Illiquid for the life of the fund	No redemption rights	Investment is not redeemable at 6/30/2023	90,494
Real estate (a)	<u>2,505,743</u>	Illiquid for the life of the fund	No redemption rights	Investment is not redeemable at 6/30/2023	<u>378,306</u>
Total	<u>\$ 203,153,950</u>				<u>\$ 42,487,690</u>

(a) A timeline of when this fund will make distributions is not available.

(b) This fund is set to expire in September 2026, unless terminated earlier or extended in accordance with the provisions of the fund agreement.

(c) This fund is set to expire in 2025, unless terminated earlier or extended in accordance with the provisions of the fund agreement.

(d) This fund is set to expire in December 2027, unless terminated earlier or extended in accordance with the provisions of the fund agreement.

Skirball Cultural Center

Notes to Financial Statements June 30, 2023

Note 6 - Fair value measurements

At June 30, 2023, investments are carried at fair value and are classified in the table below in one of the three categories as described in Note 1:

	Level 1	Level 2	Level 3	Investments measured at NAV	Total
Money market funds	\$ -	\$ 3,045,355	\$ -	\$ -	\$ 3,045,355
Mutual funds					
Fixed income - domestic multi-strategy	10,561,573	-	-	-	10,561,573
Fixed income - domestic short-term	1,273,588	-	-	-	1,273,588
Exchange traded funds	6,970,510	-	-	-	6,970,510
Equities					
Domestic	5,133,192	-	-	-	5,133,192
International	6,001,715	-	-	-	6,001,715
Fixed income	-	47,729,026	-	-	47,729,026
Alternative investments	-	-	-	203,153,950	203,153,950
Total	\$ 29,940,578	\$ 50,774,381	\$ -	\$ 203,153,950	\$ 283,868,909

Valuations of mutual funds and equities are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Money market funds are valued based on investment yield. Fixed income investments are valued based on amortized cost. The fair value of alternative investments is determined using the NAV of shares held by the Skirball. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Valuations provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. The Skirball reviews valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value. For the year ended June 30, 2023, there have been no changes in the valuation methodologies.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Skirball believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 7 - Retirement plans

The Skirball maintains a 403(b) defined contribution retirement plan covering all eligible employees. For the year ended June 30, 2023, the Skirball made contributions to the plan totaling \$384,346.

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Notes to Financial Statements
June 30, 2023

Note 8 - Net assets with donor restrictions

At June 30, 2023, net assets with donor restrictions consist of the following:

Time or purpose:	
Time restricted contributions receivable	\$ 5,337,035
Maintenance, administration and other	16,750,648
Endowment investments	<u>4,612,326</u>
	26,700,009
Perpetual:	
Endowment investments	<u>101,602,534</u>
	<u><u>\$ 128,302,543</u></u>

Net assets with donor restrictions for maintenance, administration and other include donor restrictions of investment income and losses.

Note 9 - Endowments

The Skirball's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Skirball has interpreted the State of California Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Skirball classifies as net assets with donor restrictions: (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Skirball considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the Skirball and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Skirball, and (7) the Skirball's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Skirball has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

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**Notes to Financial Statements
June 30, 2023**

Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5.5%, while growing the funds if possible. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Skirball has a policy of appropriating for distribution each fiscal year 5.5% of the average of the quarter end value of all endowment assets over the preceding 12 quarters. In establishing this policy, the Skirball considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Skirball expects the current spending policy to allow its endowment funds to grow at a nominal average rate annually. This is consistent with the Skirball's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	Without donor restrictions	With donor restrictions		Total
		Time or purpose	Perpetual	
Donor-restricted endowment funds	\$ -	\$ 4,612,326	\$ 101,602,534	\$ 106,214,860
Board-designated endowment funds	145,050,714	-	-	145,050,714
Endowment assets, end	<u>\$ 145,050,714</u>	<u>\$ 4,612,326</u>	<u>\$ 101,602,534</u>	<u>\$ 251,265,574</u>

The following table summarizes the activity affecting endowment net assets for the year ended June 30, 2023:

	Without donor restrictions	With donor restrictions		Total
		Time or purpose	Perpetual	
Endowment assets, beginning	\$ 137,310,142	\$ -	\$ 101,602,534	\$ 238,912,676
Transfers in	1,507,272	-	-	1,507,272
Investment income	14,222,039	10,523,587	-	24,745,626
Appropriated for expenditure	<u>(7,988,739)</u>	<u>(5,911,261)</u>	<u>-</u>	<u>(13,900,000)</u>
Endowment assets, end	<u>\$ 145,050,714</u>	<u>\$ 4,612,326</u>	<u>\$ 101,602,534</u>	<u>\$ 251,265,574</u>

As of June 30, 2023, there were no deficiencies of donor-restricted endowment funds.

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Notes to Financial Statements
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Note 10 - In-kind contributions

For the year ended June 30, 2023, the Skirball recorded and retained in-kind contributions of \$86,990, which is included in contributions in the accompanying statement of activities. In-kind contributions are comprised of \$86,990 of supplies. All in-kind contributions received by the Skirball for the year ended June 30, 2023 were recorded at fair value and considered without donor restrictions, to be used by the Skirball as determined by the board of directors and management. The fair market value was determined through active markets of identical or similar items.



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