



Report of Independent Auditors  
and Financial Statements

**Oregon Museum of Science and Industry**

May 31, 2024 and 2023

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## **Report of Independent Auditors**

The Board of Trustees  
Oregon Museum of Science and Industry

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

#### ***Opinion***

We have audited the financial statements of Oregon Museum of Science and Industry (the Organization), which comprise the statement of financial position as of May 31, 2024, 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 Oregon Museum of Science and Industry as of May 31, 2024 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 the Organization 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 the Organization'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 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

***Other Matter***

We have previously audited Oregon Museum of Science and Industry's May 31, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Moss Adams LLP*

Portland, Oregon  
October 3, 2024

## **Financial Statements**

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**Oregon Museum of Science and Industry**  
**Statements of Financial Position**  
(with Summarized Financial Information for May 31, 2023)  
**May 31, 2024**

	May 31, 2024			May 31, 2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,720,942	\$ 1,435,728	\$ 5,156,670	\$ 11,818,466
Accounts, pledges, and contracts receivable, current portion, net of allowance	1,661,957	701,701	2,363,658	2,038,985
Investments	6,902,467	2,487,526	9,389,993	4,866,756
Prepaid expenses and other assets	1,311,777	-	1,311,777	1,302,911
Due from other funds	-	481,375	481,375	180,694
Total current assets	<u>13,597,143</u>	<u>5,106,330</u>	<u>18,703,473</u>	<u>20,207,812</u>
<b>LONG-TERM ASSETS</b>				
Accounts, pledges, and contracts receivable, net of current portion	-	141,247	141,247	202,734
Beneficial interest in perpetual trust	-	404,415	404,415	360,494
Land, buildings, exhibits, and equipment, net	47,792,520	-	47,792,520	40,352,300
Right of use asset - operating	212,717	-	212,717	352,152
Total long-term assets	<u>48,005,237</u>	<u>545,662</u>	<u>48,550,899</u>	<u>41,267,680</u>
<b>TOTAL ASSETS</b>	<u>\$ 61,602,380</u>	<u>\$ 5,651,992</u>	<u>\$ 67,254,372</u>	<u>\$ 61,475,492</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 2,569,432	\$ -	\$ 2,569,432	\$ 2,464,044
Operating lease liability, current portion	144,293	-	144,293	139,435
Due to other funds	481,375	-	481,375	180,694
Deferred revenues, current portion	4,338,061	-	4,338,061	4,444,825
Bonds payable, current portion	314,912	-	314,912	306,182
Total current liabilities	<u>7,848,073</u>	<u>-</u>	<u>7,848,073</u>	<u>7,535,180</u>
<b>LONG-TERM LIABILITIES</b>				
Deferred revenues, net of current portion	213,985	-	213,985	215,991
Operating lease liability, net of current portion	68,424	-	68,424	212,717
Bonds payable, net of current portion	6,275,823	-	6,275,823	6,590,736
Loan payable, net of current portion	7,701,767	-	7,701,767	-
Total long-term liabilities	<u>14,259,999</u>	<u>-</u>	<u>14,259,999</u>	<u>7,019,444</u>
Total liabilities	22,108,072	-	22,108,072	14,554,624
<b>NET ASSETS</b>	<u>39,494,308</u>	<u>5,651,992</u>	<u>45,146,300</u>	<u>46,920,868</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 61,602,380</u>	<u>\$ 5,651,992</u>	<u>\$ 67,254,372</u>	<u>\$ 61,475,492</u>

See accompanying notes.

**Oregon Museum of Science and Industry**  
**Statements of Activities**  
**(with Summarized Financial Information for the Year Ended May 31, 2023)**  
**Year Ended May 31, 2024**

	Year Ended May 31, 2024			May 31, 2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES</b>				
Admissions	\$ 6,553,958	\$ -	\$ 6,553,958	\$ 6,736,173
Memberships	2,308,012	-	2,308,012	1,959,048
Educational programs	3,849,222	-	3,849,222	3,215,829
Auxiliary activities	1,378,646	-	1,378,646	2,059,255
Exhibit fees	887,573	-	887,573	680,418
Contributions and grants	2,221,028	4,019,983	6,241,011	6,810,291
Change in value of perpetual trust	-	43,921	43,921	(29,614)
Contributions of nonfinancial assets	326,750	-	326,750	249,170
Investment return, net	145,167	314,741	459,908	28,617
Other income	2,317,243	-	2,317,243	1,636,758
Loss on sale of land, buildings, exhibits, and equipment	(11,269)	-	(11,269)	(76,422)
Net assets released from restriction	4,172,457	(4,172,457)	-	-
Total revenues	<u>24,148,787</u>	<u>206,188</u>	<u>24,354,975</u>	<u>23,269,523</u>
<b>EXPENSES</b>				
Program services				
Museum activities	14,464,604	-	14,464,604	13,952,600
Educational programs	4,761,798	-	4,761,798	4,541,580
Total program services	<u>19,226,402</u>	<u>-</u>	<u>19,226,402</u>	<u>18,494,180</u>
Supporting services				
Management and general	4,651,560	-	4,651,560	4,192,873
Fundraising	1,585,016	-	1,585,016	1,294,682
Total supporting services	<u>6,236,576</u>	<u>-</u>	<u>6,236,576</u>	<u>5,487,555</u>
Auxiliary activities	666,565	-	666,565	1,063,355
Total expenses	<u>26,129,543</u>	<u>-</u>	<u>26,129,543</u>	<u>25,045,090</u>
CHANGE IN NET ASSETS	(1,980,756)	206,188	(1,774,568)	(1,775,567)
NET ASSETS, beginning of year	41,475,064	5,445,804	46,920,868	48,696,435
NET ASSETS, end of year	<u>\$ 39,494,308</u>	<u>\$ 5,651,992</u>	<u>\$ 45,146,300</u>	<u>\$ 46,920,868</u>

See accompanying notes.



**Oregon Museum of Science and Industry**  
**Statement of Functional Expenses**  
**Year Ended May 31, 2024**

	Program Services			Supporting Services			Auxiliary Activities	Total
	Museum Activities	Educational Programs	Subtotal	Management and General	Fundraising	Subtotal		
Salaries, wages, and related expenses	\$ 5,914,661	\$ 3,408,829	\$ 9,323,490	\$ 2,066,629	\$ 979,625	\$ 3,046,254	\$ 274,027	\$ 12,643,771
Depreciation and amortization of capital assets	2,514,849	519,257	3,034,106	34,819		34,819	285,802	3,354,727
Professional services	1,576,424	155,084	1,731,508	525,766	349,483	875,249	18,075	2,624,832
Rentals	1,781,709	99,129	1,880,838	5,554	3,725	9,279	-	1,890,117
Supplies and subscriptions	361,444	143,738	505,182	587,224	27,998	615,222	2,990	1,123,394
Utilities	763,550	57,733	821,283	-	-	-	-	821,283
Bank fees and interest	1,279	-	1,279	676,248	97	676,345	-	677,624
Repairs and maintenance	615,943	17,506	633,449	27,163	-	27,163	59	660,671
Insurance	-	-	-	468,057	-	468,057	-	468,057
Publicity, printing, and postage	404,783	3,571	408,354	6,660	21,288	27,948	3,924	440,226
Food	84,749	197,023	281,772	36,794	76,666	113,460	8,223	403,455
Contributions of nonfinancial assets	192,572	9,450	202,022	10,745	113,983	124,728	-	326,750
Travel	79,874	35,973	115,847	24,370	2,799	27,169	760	143,776
Equipment	34,651	11,728	46,379	76,556	-	76,556	-	122,935
Taxes and other	60,744	2,347	63,091	43,400	2,592	45,992	2,066	111,149
Transportation	54,283	52,959	107,242	879	260	1,139	70	108,451
Cost of merchandise sold	3,214	33,613	36,827	-	-	-	69,969	106,796
Telephone	19,875	13,858	33,733	63,454	6,500	69,954	600	104,287
Miscellaneous	-	-	-	5,880	-	5,880	-	5,880
Bad debt recovery	-	-	-	(8,638)	-	(8,638)	-	(8,638)
<b>Total functional expenses</b>	<b>\$ 14,464,604</b>	<b>\$ 4,761,798</b>	<b>\$ 19,226,402</b>	<b>\$ 4,651,560</b>	<b>\$ 1,585,016</b>	<b>\$ 6,236,576</b>	<b>\$ 666,565</b>	<b>\$ 26,129,543</b>

See accompanying notes.

**Oregon Museum of Science and Industry**  
**Statement of Functional Expenses**  
**Year Ended May 31, 2023**

	Program Services			Supporting Services			Auxiliary Activities	Total
	Museum Activities	Educational Programs	Subtotal	Management and General	Fundraising	Subtotal		
Salaries, wages, and related expenses	\$ 5,410,667	\$ 2,796,738	\$ 8,207,405	\$ 1,755,811	\$ 902,226	\$ 2,658,037	\$ 188,162	\$ 11,053,604
Depreciation and amortization of								
capital assets	2,796,231	529,270	3,325,501	33,549		33,549	341,091	3,700,141
Professional services	2,135,006	579,384	2,714,390	647,584	151,417	799,001	8,904	3,522,295
Rentals	860,527	71,811	932,338	9,251	465	9,716	1,130	943,184
Supplies and subscriptions	412,681	129,091	541,772	479,411	15,892	495,303	1,006	1,038,081
Utilities	657,097	63,874	720,971	-	-	-	-	720,971
Bank fees and interest	741	121	862	569,553	154	569,707	215	570,784
Repairs and maintenance	519,827	16,040	535,867	40,782	-	40,782	510	577,159
Insurance	963	2,514	3,477	434,292	-	434,292	-	437,769
Publicity, printing, and postage	540,861	1,638	542,499	10,167	12,520	22,687	1,139	566,325
Food	42,684	161,792	204,476	39,236	101,363	140,599	5,213	350,288
Contributions of nonfinancial assets	106,799	39,189	145,988	6,993	96,189	103,182	-	249,170
Travel	85,023	33,393	118,416	13,949	8,105	22,054	758	141,228
Equipment	151,817	28,992	180,809	94,364	-	94,364	500	275,673
Taxes and other	87,421	2,716	90,137	2,354	726	3,080	2,730	95,947
Transportation	98,055	25,001	123,056	32	-	32	384	123,472
Cost of merchandise sold	20,757	46,363	67,120	-	-	-	510,303	577,423
Telephone	17,013	12,653	29,666	48,173	5,625	53,798	1,310	84,774
Miscellaneous	8,430	1,000	9,430	7,252	-	7,252	-	16,682
Bad debt	-	-	-	120	-	120	-	120
<b>Total functional expenses</b>	<b>\$ 13,952,600</b>	<b>\$ 4,541,580</b>	<b>\$ 18,494,180</b>	<b>\$ 4,192,873</b>	<b>\$ 1,294,682</b>	<b>\$ 5,487,555</b>	<b>\$ 1,063,355</b>	<b>\$ 25,045,090</b>

See accompanying notes.

**Oregon Museum of Science and Industry**  
**Statements of Cash Flows**  
**Years Ended May 31, 2024 and 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,774,568)	\$ (1,775,567)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized (gains) losses on investments	(185,866)	158,354
Depreciation and amortization expense	3,354,727	3,700,141
Amortization of right of use asset	139,435	126,441
Fair value adjustment to perpetual trust	(43,921)	29,614
Loss on disposition of land, buildings, exhibits, and equipment	11,269	76,422
Changes in assets and liabilities		
Accounts, pledges, and contracts receivable	(263,186)	(458,321)
Prepaid expenses and other assets	(8,866)	(647,524)
Accounts payable and accrued expenses	105,388	444,227
Operating lease liability	(139,435)	(126,441)
Deferred revenues	(108,770)	1,303,868
	<u>1,086,207</u>	<u>2,831,214</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	10,370,382	7,293,923
Purchase of investments	(14,707,753)	(8,109,193)
Purchase of land, buildings, exhibits, and equipment	(4,769,017)	(2,421,351)
	<u>(9,106,388)</u>	<u>(3,236,621)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	1,664,568	-
Payments on 2020 Series A bonds payable	(155,343)	(151,502)
Payments on 2020 Series B bonds payable	(150,840)	(147,147)
	<u>1,358,385</u>	<u>(298,649)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(6,661,796)	(704,056)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>11,818,466</u>	<u>12,522,522</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 5,156,670</u>	<u>\$ 11,818,466</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Establishment of right of use lease asset and liability	\$ -	\$ 478,593
Cash paid during the year for interest	<u>\$ 334,372</u>	<u>\$ 187,537</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES</b>		
Building improvements financed with loan payable	<u>\$ 6,037,199</u>	<u>\$ -</u>

See accompanying notes.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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#### **Note 1 – Organization and Summary of Significant Accounting Policies**

**Organization** – Oregon Museum of Science and Industry (OMSI or the Organization) was founded in 1944 to provide the public with science and technology learning through relevant and entertaining exhibits, programs, and experiences. The Organization is located in Portland, Oregon.

**Adoption of new accounting standards** – The Organization adopted Accounting Standards Update (ASU) 2016-13, *Credit Losses*, and all subsequent amendments to the ASU (collectively, ASC 326). The primary effects of the amendments are to estimate the expected credit loss and the measurement of expected credit losses should be based on historical experience, current conditions, and reasonable forecast that affect the collectability of accounts receivable. The Organization adopted ASC 326 as of June 1, 2023, using the modified retrospective approach. The adoption of this standard had no material impact to the Organization’s financial statements.

**Financial statement presentation** – The accompanying financial statements of OMSI have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. The balances and activities of the Organization have been segregated into net asset classifications according to the nature of the activity and related restrictions imposed by donors. The principal classifications are as follows:

*Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of OMSI and/or the passage of time. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Also included in this classification are net assets subject to donor-imposed stipulations which must be maintained in perpetuity by OMSI. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

**Cash and cash equivalents** – Cash and cash equivalents include cash on hand and amounts deposited in banks, money market accounts, commercial paper, and certificates of deposit, with an original maturity of less than 90 days. The Organization holds cash and cash equivalents at two institutions, and certain amounts may exceed the limits of FDIC insurance coverage. However, the Organization has not incurred any losses to date.

**Accounts, pledges, and contracts receivable** – Accounts receivable consist primarily of admissions and fees due to the Organization from various organizations. Pledges are considered unconditional commitments of the donors. Accordingly, recognition of these contributions is recognized when the pledge is made. Contracts receivable consist of amounts due to the Organization from various grantor agencies and other customers for eligible expenses incurred. Accounts, pledges, and contracts receivable are reported on the statements of financial position net of the allowance for credit losses of \$9,262 and \$20,000 at May 31, 2024 and 2023, respectively. The allowance for credit losses is estimated by evaluating the credit worthiness of those from whom amounts are due as well as current economic trends. Receivables are considered delinquent if not paid by the due date. Accounts are charged off when all collection efforts have been exhausted.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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**Investments and investment return** – Investments in securities with readily determinable fair values are measured at fair value in the statements of financial position. Investment return includes realized and unrealized gains and losses, interest, and dividends, net of investment expenses, and are reported as an increase or decrease to the appropriate net asset category.

**Prepaid expenses** – Prepaid expenses consist primarily of rental costs, software costs, and other prepaid general business-related operating expenses and are expensed over the term of the associated contract or time period.

**Land, buildings, exhibits, and equipment** – Land, buildings, exhibits, and equipment are stated at cost or, for donated items, estimated fair value at the date of donation. Upon retirement or sale of such assets, the cost of the asset and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded. Depreciation of buildings, exhibits, and equipment is recorded over the estimated useful lives of the respective assets on the straight-line basis with such lives ranging from 2 to 40 years.

New equipment and expenditures for major repairs and improvements exceeding \$5,000 are capitalized; conversely, expenditures for minor repairs and maintenance costs are expensed when incurred. Costs related to the design, construction, and refurbishment of traveling exhibits are capitalized and depreciated over the period during which the exhibit is actively displayed, generally five years. Costs incurred on all non-traveling exhibits are capitalized and depreciated over their useful life, generally five years.

**Leases** – The Organization determines if an arrangement is a lease, or contains a lease, at the inception of the arrangement and reassesses that conclusion, if the arrangement is modified. When the Organization determines the arrangement is a lease, or contains a lease, at lease inception, a determination is made as to whether the lease is an operating lease or a finance lease. Operating and finance leases result in the Organization recording a right-of-use (ROU) asset and lease liability on its statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are initially recognized based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Organization uses the implicit interest rate in the lease, if readily determinable, or when the implicit interest rate is not readily determinable, the Organization has elected the practical expedient that permits use of a risk-free discount rate, determined using a period comparable with that of the lease term. Rent expense from operating leases is recognized on a straight-line basis over the term of the leases. The Organization also elected the following practical expedients:

- Practical expedient on not separating lease components from nonlease components for classes of underlying assets.
- Package of practical expedients, which must be elected as a package, to leases that commenced before June 1, 2022, which permit an entity to (1) not reassess whether any expired or existing contracts are or contain leases, (2) not reassess the lease classification, and (3) reassess initial direct costs.
- Practical expedient to not recognize ROU assets and lease liabilities that arise from short-term (12 months or less) leases for any class of underlying asset.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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**Collections** – During 1994, the U.S. Department of the Navy donated the use of the U.S.S. Blueback submarine to the Organization as a permanent exhibit. Additionally, during 2006, an anonymous donor contributed a neonatal exhibit to the Organization. It is not practicable to estimate the fair value of these collections and, as such, they have not been capitalized in the accompanying statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired and as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset category.

Upon the deaccession of collections and exhibits, the Organization's policy is to use those proceeds for the acquisition of new collection items and the direct care of existing collections. Direct care costs include costs that enhance the life, usefulness, or quality of the Organization's collection and provide a benefit to the Organization's collection.

**Deferred revenues** – OMSI sells annual Organization memberships, which cover a 12-month period from the month of purchase. Membership fees are recognized ratably over the 12-month period to which they are valid.

OMSI owns certain traveling exhibits which have been contracted to other Organizations through fiscal year 2027. Revenues from these contracts, deferred initially, are recognized over the terms of the contracts upon delivery of the exhibit at each site.

OMSI also receives prepayments on certain camps and classes. Such prepayments are deferred and recognized as revenue when the event occurs.

**Admissions** – Revenues from admissions are recorded at the time of ticket redemption.

**Memberships** – Revenues from memberships, which are nonrefundable, are recognized ratably over the period over which the membership is valid.

**Educational programs** – Revenues from educational programs consist of payments for camps and classes. These revenues are recognized at the completion of the camp, class, or event. If an educational program is canceled, participants are provided the option for a refund or for application of the fee to a future camp, class, or event.

**Auxiliary activities** – Revenues from auxiliary activities primarily include sales from the Organization's science store and café and are recognized on receipt.

**Exhibit fees** – Revenues from traveling exhibit fees are recognized ratably over the term of the exhibit's contract.

**Contributions and grants** – The Organization recognizes contributions and grants when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance obligation or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the specific contract or grant provisions. The Organization received cost-reimbursable grants of \$7,124,398 that have not been recognized at May 31, 2024 because qualifying expenditures have not yet been incurred.

All contributions and grants are considered to be available for OMSI's unrestricted use unless specifically restricted by the donor. Contributions and grants restricted by the donor are recorded as net assets with donor restrictions. When the restrictions are satisfied, the restricted amounts are released to net assets without donor restrictions.

**Functional allocation of expenses** – The costs of the Organization's various activities and programs have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs, supporting services, and auxiliary activities benefited on a reasonable basis that is consistently applied. Auxiliary activities include the Organization's science store and special events. Depreciation and amortization of capital assets are allocated on a square footage basis or directly according to the program it supports. All other expenses are allocated on the basis of estimates of time and effort or directly to the programs benefited.

**Advertising expenses** – The Organization advertises primarily through publications, broadcasts, and outdoor media throughout the Portland metropolitan area. Advertising and development funding promotion costs are expensed as incurred and are included in publicity, printing, and postage in the statements of functional expenses. Advertising expenses aggregated \$324,452 and \$532,028 for the years ended May 31, 2024 and 2023, respectively.

**Income taxes** – The Organization is a tax-exempt organization and is not subject to federal or state income taxes, except for unrelated business income, in accordance with Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation. Unrelated business income tax, if any, is insignificant and no tax provision has been made in the accompanying financial statements.

The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization recognizes interest and penalties related to income tax matters, if any, in management and general expenses.

The Organization had no unrecognized tax benefits at May 31, 2024 and 2023. The Organization files an exempt organization return in the U.S. federal jurisdiction and applicable unrelated business income tax returns for U.S. federal and Oregon purposes.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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**Use of estimates** – The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of public support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Organization recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements were available to be issued.

The Organization has evaluated subsequent events through October 3, 2024, which is the date the financial statements were available to be issued.

#### **Note 2 – Comparative Financial Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended May 31, 2023, from which the summarized information was derived.



**Oregon Museum of Science and Industry**  
**Notes to Financial Statements**

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**Note 3 – Liquidity and Availability**

Financial assets and liquid resources available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of May 31:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 3,720,942	\$ 9,841,217
Accounts, pledges, and contracts receivable	1,661,957	1,069,598
Investments	<u>6,902,467</u>	<u>2,750,122</u>
Total financial assets available within one year	12,285,366	13,660,937
Less amount required to be maintained in accordance with the Museum's outstanding loan and bonds payable	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 11,285,366</u>	<u>\$ 12,660,937</u>

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments and money market funds. In accordance with the Organization's outstanding loan and bonds payable, OMSI must maintain cash and cash equivalents of at least \$1,000,000 as of the last day of the second and fourth quarter of each fiscal year.

**Oregon Museum of Science and Industry**  
**Notes to Financial Statements**

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**Note 4 – Accounts, Pledges, and Contracts Receivable**

Accounts, pledges, and contracts receivable consist of the following at May 31:

	2024	2023
Accounts, pledges, and contracts receivable without donor restrictions		
Trade and other receivables	\$ 888,343	\$ 684,100
Traveling exhibit and exhibit sales contracts	11,500	47,250
Pledges, net of discount	194,441	246,436
Grants	576,935	111,812
	1,671,219	1,089,598
Less allowance for credit losses	(9,262)	(20,000)
Accounts, pledges, and contracts receivable without donor restrictions, net of discount	1,661,957	1,069,598
Pledges and grants receivable with donor restrictions		
Pledges, net of discount	842,948	1,172,121
Pledges and grants receivable with donor restrictions	842,948	1,172,121
Total accounts, pledges, and contracts receivable	2,504,905	2,241,719
Less accounts, pledges, and contracts receivable due within one year	(2,363,658)	(2,038,985)
Long-term accounts, pledges, and contracts receivable	\$ 141,247	\$ 202,734

Pledges receivable greater than one year are reflected at the present value of estimated future payments using an estimated discount rate of four percent. The discount totaled \$22,987 and \$39,266 for the years ended May 31, 2024 and 2023, respectively.

As of May 31, 2024, pledges receivable are due as follows:

Less than one year	\$ 896,142
One to five years	164,234
	1,060,376
Less: discount to net present value	(22,987)
Pledges receivable, net of discount	\$ 1,037,389

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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#### Note 5 – Beneficial Interest in Perpetual Trust

OMSI is the sole beneficiary of a perpetual trust whereby the investment principal remains part of the trust and is not the property of the Organization. The trust is managed by a third-party trustee, Bank of America, N.A. Each year, OMSI receives annual income distributions from the trust in perpetuity, which is to be used for scholarship or educational purposes. The Organization has no right to the investment principal. The annual fluctuation in the fair value of the trust is included in the statements of activities as an increase or decrease in net assets with donor restrictions. As of May 31, 2024 and 2023, the fair value of the trust assets totaled \$404,415 and \$360,494, respectively.

#### Note 6 – Investments

Investments are comprised of the following at May 31:

	2024	2023
Mutual funds	\$ 6,764,399	\$ 1,616,922
Stocks and exchange traded funds	557,463	501,076
Certificates of deposit	2,068,131	2,748,758
Total investments	\$ 9,389,993	\$ 4,866,756

#### Note 7 – Fair Value of Assets

The Organization accounts for financial instruments in accordance with ASC 820, *Fair Value Measurements*. This standard defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The Organization determines fair value based upon quoted prices when available or through the use of alternative approaches, such as matrix or model pricing, when market quotes are not readily accessible or available. The valuation techniques used are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. These two types of inputs create the following fair value hierarchy:

**Level 1** – Quoted prices in active markets for identical assets.

**Level 2** – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. The Organization's own data used to develop unobservable inputs is adjusted for market consideration when available.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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The Organization used the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value in the financial statements:

*Investments* – Investments are comprised of certificates of deposit, mutual funds, stocks, and exchange traded funds for which fair values are based on quoted market prices in an active market. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

*Beneficial interest in perpetual trust* – The Organization’s beneficial interest in perpetual trust is recorded at fair value based on the fair value of the underlying trust assets as determined by the third-party trustee, which is based on quoted market prices. The third-party trustee controls the investments in the trust and makes all management and investment decisions.

The Organization has no liabilities that are required to be measured at fair value at May 31, 2024 and 2023. There were no changes in valuation methodologies or assumptions during the years ended May 31, 2024 and 2023.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at May 31, 2024 and 2023:

	Fair Value Measurement at Report Date Using:			
	Fair Value at May 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 6,764,399	\$ 6,764,399	\$ -	\$ -
Stocks and exchange traded funds	557,463	557,463	-	-
Certificates of deposit	2,068,131	-	2,068,131	-
Beneficial interest in perpetual trust	404,415	-	-	404,415
	<b>\$ 9,794,408</b>	<b>\$ 7,321,862</b>	<b>\$ 2,068,131</b>	<b>\$ 404,415</b>

	Fair Value Measurement at Report Date Using:			
	Fair Value at May 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,616,922	\$ 1,616,922	\$ -	\$ -
Stocks and exchange traded funds	501,076	501,076	-	-
Certificates of deposit	2,748,758	-	2,748,758	-
Beneficial interest in perpetual trust	360,494	-	-	360,494
	<b>\$ 5,227,250</b>	<b>\$ 2,117,998</b>	<b>\$ 2,748,758</b>	<b>\$ 360,494</b>

**Oregon Museum of Science and Industry**  
**Notes to Financial Statements**

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**Note 8 – Land, Buildings, Exhibits, and Equipment**

Land, buildings, exhibits, and equipment consist of the following at May 31:

	<u>2024</u>	<u>2023</u>
Land	\$ 12,990,147	\$ 9,683,547
Buildings and improvements	64,163,564	56,896,789
Exhibits	14,142,438	13,545,970
Equipment	<u>6,314,353</u>	<u>6,781,192</u>
	97,610,502	86,907,498
Less accumulated depreciation and amortization	<u>(50,718,561)</u>	<u>(47,899,788)</u>
	46,891,941	39,007,710
Construction in progress	<u>900,579</u>	<u>1,344,590</u>
	\$ 47,792,520	\$ 40,352,300

**Note 9 – Deferred Revenue**

Deferred revenue related to memberships was as follows at May 31:

	<u>2024</u>	<u>2023</u>
Deferred revenue, beginning of year	\$ 1,135,645	\$ 818,034
Purchase of memberships	2,378,180	2,276,659
Amortization of memberships to revenue	<u>(2,308,012)</u>	<u>(1,959,048)</u>
Deferred revenue, end of year	<u>\$ 1,205,813</u>	<u>\$ 1,135,645</u>

Deferred revenue related to traveling exhibits and exhibit sales was as follows at May 31:

	<u>2024</u>	<u>2023</u>
Deferred revenue, beginning of year	\$ 844,882	\$ 465,626
Traveling exhibit fees and exhibit sales	695,249	1,059,674
Amortization of exhibit fees to revenue	<u>(887,573)</u>	<u>(680,418)</u>
Deferred revenue, end of year	<u>\$ 652,558</u>	<u>\$ 844,882</u>

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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Deferred revenue related to camps, classes, and other events was as follows at May 31:

	2024	2023
Deferred revenue, beginning of year	\$ 2,680,289	\$ 2,073,288
Purchase of camps, classes, and other events	3,862,608	3,822,830
Amortization of educational programs to revenue	(3,849,222)	(3,215,829)
Deferred revenue, end of year	\$ 2,693,675	\$ 2,680,289

#### Note 10 – Long-Term Debt

*Loan payable* – In February 2023, the Organization entered into a promissory note agreement with HBCDE, LLC. Advances to the Organization are not to exceed \$8,888,000, allocated to multiple properties for renovations and the purchase of a building. The Organization incurs interest expense on the unpaid principal balance at a rate of 3.00% per annum through March 1, 2030. Following that date, the interest rate will be based on a variable rate, as defined in the agreement, plus 2.00%, with a floor of 4.75%. The entire unpaid principal balance, together with all interest accrued and not yet paid, is due and payable in full on February 23, 2035. At May 31, 2024, \$7,701,767 was owed by the Organization under this agreement. The loan is secured by a deed of trust and fixture filing with assignment of leases and rents.

The agreement contains covenants which require the Organization to maintain a minimum liquidity of at least \$1,000,000 as of the last day of each fiscal year and maintain debt service coverage ratios measured annually.

*Bonds payable* – In April 2020, the Organization issued bonds to refinance the Organization’s 2015 Series A Oregon Facilities Authority bonds, to pay the costs of renovating and improving the Organization’s facilities, including, but not limited to roof improvements, and finance certain costs of issuing the bonds. The bonds were issued and purchased by Wells Fargo as a private placement. To secure its 2020 bond obligations, the Organization granted a security interest in real property held by the Organization. The face value of the 2020 Series A bonds is \$3,668,000. The bond proceeds of the 2020 Series B bonds were disbursed in installments through the making of advances in accordance with the terms and conditions of the bond agreement. Interest payable on the 2020 Series B bonds is based on the principal amount which was determined at the completion of the project. The project was completed during the year ended May 31, 2022, and advances totaled \$3,746,953. The face value of the 2020 Series B bonds is \$3,830,000.

The agreement contains covenants which require the Organization to maintain a minimum liquidity of at least \$1,000,000 as of the last day of the second and fourth quarter of each fiscal year.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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Loan and bonds payable consists of the following at May 31:

	2024	2023
HBCDE, LLC Loan, for the acquisition and construction of real property, secured by real property. Interest only payments through March 1, 2030 at 3%. Principal and interest payments at a variable rate plus 2% with a floor of 4.75%. Due and payable in full on February 23, 2035.	\$ 7,701,767	\$ -
Oregon Facilities Authority 2020 Series A Bonds – Interest only payments through November 1, 2020 at an interest rate of 2.62%. Principal and interest payments began December 1, 2020, bonds mature April 30, 2050.	3,141,768	3,297,111
Oregon Facilities Authority 2020 Series B Bonds – Interest only payments through May 1, 2022 at an interest rate of 2.62%. Principal and interest payments began on June 1, 2022, bonds mature on April 30, 2050.	3,448,967	3,599,807
Loan and bonds payable, total	14,292,502	6,896,918
Less current portion	(314,912)	(306,182)
Loan and bonds payable, net of current portion	\$ 13,977,590	\$ 6,590,736

The following is a summary of scheduled payments and redemptions of loan and bonds payable:

Years Ending May 31,	2025	\$ 314,912
	2026	323,380
	2027	332,076
	2028	340,604
	2029	350,164
	Thereafter	12,631,366
		\$ 14,292,502

Total interest expense for the years ended May 31, 2024 and 2023 was \$386,420 and \$204,476 respectively.

In accordance with the agreement, the bonds mature on April 30, 2050. However, because the bonds were purchased by Wells Fargo as a private placement, the direct purchase period ends on April 1, 2030. As of the end of the direct purchase period, the interest rate may be modified in accordance with the terms of the agreement.



## Oregon Museum of Science and Industry

### Notes to Financial Statements

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#### **Note 11 – Trust Funds Held by Others**

Securities and cash with fair values of \$934,769 and \$861,055 at May 31, 2024 and 2023, respectively, are held in trust for the benefit of OMSI and various other charitable organizations. No portion of these assets held in trust for OMSI have been included in the accompanying financial statements. The principal is to remain in trust in perpetuity and investment income is distributed to OMSI at the discretion of the trustees. Such distributions are recorded as contributions with donor restrictions when received.

In addition, an endowment fund was established on July 16, 1998, for the benefit of OMSI, for the maintenance or renovation of OMSI's buildings, and the construction or maintenance of exhibits. The endowment is subject to various conditions, including the continued support of state and local governments until the existing indebtedness to the ODOE is satisfied. Because the ODOE debt was satisfied in 2015, the endowment is no longer subject to these various conditions as of May 31, 2024 or 2023. No portion of these assets held in the endowment fund for the benefit of OMSI have been included in the accompanying financial statements.

A portion of the earnings on the endowment funds is distributed on an annual basis. The fair value of the endowment, including matching funds, totaled \$7,114,768 and \$6,678,797 at May 31, 2024 and 2023, respectively. OMSI recorded contributions with donor restrictions from the endowment of \$278,951 and \$526,964 for the years ended May 31, 2024 and 2023, respectively.

#### **Note 12 – Benefit Plans**

*Defined contribution plan* – The Organization sponsors a 403(b) plan (the Plan) whereby eligible employees may defer a portion of their gross wages. Employees are eligible to participate in the Plan on the first day of employment. Employees are eligible to participate in the Plan match once they have completed one year of service. Employees may contribute a maximum of 100% of their compensation to the Plan (subject to annual limitations by the IRS). OMSI makes discretionary matching contributions to the Plan, the amount of which is determined at the end of the Plan year, December 31. Employer contributions vest over a period of five years. The Board of Trustees approved a matching contribution totaling \$0 and \$78,704 during the years ended May 31, 2024 and May 31, 2023, respectively.

*457(b) deferred compensation plan* – Effective October 1, 2013, the Organization established a deferred compensation plan (the Plan) under the provisions of Section 457(b) of the Internal Revenue Code for selected employees at the Organization. Investments are owned by the Organization and managed individually by the participant. Participants are 100% vested in both employee and employer deferrals at all times. Payments will be made upon death, retirement, or unforeseeable emergency. Until such time, plan assets are subject to the claim of the Organization's creditors.

The Organization did not make discretionary contributions to the Plan during the years ended May 31, 2024 and 2023. The Organization recorded an asset and liability in the amount of \$80,151 as of May 31, 2024. The Organization recorded an asset and liability in the amount of \$68,857 as of May 31, 2023. The asset and liability are recorded in accounts, pledges, and contracts receivable and accounts payable and accrued expenses, respectively, on the statements of financial position.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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#### Note 13 – Commitments and Contingencies

**Grant revenues** – The grant revenues reported in the accompanying statements of activities are subject to audit and adjustment by grantor agencies. Grant revenues relating to costs, which may be ultimately questioned or disallowed by the grantor agencies, may become a liability of the Organization as a result of audit findings. However, management does not expect any significant liabilities related to grant revenues.

#### Note 14 – Operating Leases

The Organization leases office facilities and equipment for their operations under non-cancelable leases, which expire through April 2028. The operating leases do not require any contingent rental payments, impose any financial restrictions, or contain any residual value guarantees.

##### *Supplemental Lease Information*

	2024	2023
Operating cash flows from operating leases	\$ 149,868	\$ 139,158
Weighted-average remaining lease term – operating leases, in years	1.80	2.63
Weighted-average discount rate – operating leases	3.97%	3.77%

Maturities of operating lease liabilities as of May 31, 2024 are as follows:

Years ending May 31,	2025	\$	149,868
	2026		47,109
	2027		12,852
	2028		11,781
	Total		221,610
	Less: Imputed Interest		(8,893)
	Lease liability		\$ 212,717

Total lease costs for each of the years ended May 31, 2024 and 2023 was approximately \$140,000. Rent expense includes a number of short-term rentals that did not qualify under ASC 842 for recording.

**Oregon Museum of Science and Industry**  
**Notes to Financial Statements**

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**Note 15 – Net Assets Released from Restrictions**

Net assets relating to restricted contributions and grants are released from net assets with donor restrictions to net assets without donor restrictions when the Organization incurs expenses satisfying the restricted purposes or when other events specified by donors occur. Such releases are summarized as follows at May 31, 2024:

Satisfaction of program restrictions for grants	\$ 2,269,970
Satisfaction of program restrictions for contributions	1,567,769
Reclassification of program restrictions (see Note 17)	<u>334,718</u>
	<u>\$ 4,172,457</u>

**Note 16 – Net Assets with Donor Restrictions**

Net assets with donor restrictions are comprised of the following at May 31:

	<u>2024</u>	<u>2023</u>
Contributions and grants restricted by purpose for:		
Special operating purposes	\$ 4,163,097	\$ 3,766,146
Scholarships	<u>480,169</u>	<u>532,012</u>
Total purpose restrictions	<u>4,643,266</u>	<u>4,298,158</u>
Contributions restricted by time for operations	<u>119,305</u>	<u>192,308</u>
Endowments		
General Education (Original Gift, \$171,498)	365,005	500,008
Arend Financial Access (Original Gift, \$35,365)	120,001	58,046
Steere Education (Original Gift, \$26,282)	-	26,282
Naftalin Education (Original Gift, \$8,294)	-	9,113
Poulsen Education (Original Gift, \$1,395)	<u>-</u>	<u>1,395</u>
Total endowments held in perpetuity	<u>485,006</u>	<u>594,844</u>
Peterson Trust – beneficial interest in trust	<u>404,415</u>	<u>360,494</u>
Total endowments	<u>889,421</u>	<u>955,338</u>
Total net assets with donor restrictions	<u>\$ 5,651,992</u>	<u>\$ 5,445,804</u>

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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#### **Note 17 – Endowments**

Board-designated endowments represent quasi-endowments which are net assets without donor restrictions designated by the Board of Trustees to provide support and resources for Organization operations. A Board-designated endowment, which results from an internal Board designation, is not an outside donor-restricted endowment and is, therefore, classified as net assets without donor restrictions. The Board of Trustees of the Organization has the right to decide at any time to expend the designated portion of such funds. During the year ended May, 31, 2024, the Organization reclassified \$334,718 of donor restricted endowments to Board-designated endowment with donor consent. As of May 31, 2024 and 2023, Board-designated endowments were \$734,296 and \$0, respectively.

Endowments with donor restrictions are comprised of endowments that have outside donor-imposed stipulations, which neither expire by the passage of time nor can be fulfilled by actions of the Organization. Also included in this classification are funds resulting from earnings on those endowments, whose use by the Organization is restricted by donor-imposed stipulations that either expire by the passage of time or by fulfilling the specified purpose restriction.

Endowment dollars invested with growth in mind may have the fair value of assets, associated with individual donor-restricted funds, fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of May 31, 2024 and 2023.

The Organization follows the Uniform Prudent Management of Institutional Funds Act of 2007 (UPMIFA or the Act), the provisions of which apply to endowment funds existing on or established after the effective date of January 1, 2008. The Board of Trustees of the Organization has interpreted the Act 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 Organization classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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The Organization's spending policy allows for allocation of 4% of the 3-year average total market value of invested funds for expenditure each year. Not all of the distributions are spent each year as funds are expended depending on program activity. The distributions are typically spent to provide financial access support for individuals and organizations participating in the Organization's learning experiences.

Endowment net assets and changes in endowment net assets for the year ended May 31, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, May 31, 2023	\$ -	\$ 594,844	\$ 594,844
Reclassification of endowment assets	334,718	(334,718)	-
Contributions	379,162	-	379,162
Investment return	20,416	255,855	276,271
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(30,975)</u>	<u>(30,975)</u>
Endowment net assets, May 31, 2024	<u>\$ 734,296</u>	<u>\$ 485,006</u>	<u>\$ 1,219,302</u>

Endowment net assets and changes in endowment net assets for the year ended May 31, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, May 31, 2022	\$ -	\$ 572,005	\$ 572,005
Contributions	-	20,000	20,000
Investment return	-	28,347	28,347
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(25,508)</u>	<u>(25,508)</u>
Endowment net assets, May 31, 2023	<u>\$ -</u>	<u>\$ 594,844</u>	<u>\$ 594,844</u>

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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#### Note 18 – Contributed Nonfinancial Assets

Contributed nonfinancial assets were comprised of the following for the years ended May 31:

	<u>2024</u>	<u>2023</u>
Professional services	\$ 213,760	\$ 128,322
Goods	<u>112,990</u>	<u>120,848</u>
	<u>\$ 326,750</u>	<u>\$ 249,170</u>

The majority of contributed nonfinancial assets are comprised of goods and professional services. The estimated fair value of these items are provided by third parties and valued at market prices. Donated services are similarly reported when they enhance a nonfinancial asset or when specialized services are performed such as exhibit repair or production, or would otherwise be purchased or performed by salaried personnel, and when the Organization exercises control over the duties of the donor's services.

None of the Organization's contributed nonfinancial assets are restricted for specific project work. The Organization monetized certain goods during the gala during the years ended May 31, 2024 and 2023.

#### Note 19 – Subsequent Events

The Organization has evaluated subsequent events through October 3, 2024, which is the date the financial statements were available to be issued.

