



Report of Independent Auditors  
and Financial Statements

**Oregon Museum of Science and Industry**

May 31, 2025 and 2024

## **Table of Contents**

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	<b>Page</b>
<b>Report of Independent Auditors</b>	<b>1</b>
<b>Financial Statements</b>	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10

## **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, 2025, 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, 2025, 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, 2024, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 3, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Baker Tilly US, LLP*

Portland, Oregon  
September 30, 2025

## **Financial Statements**

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**Oregon Museum of Science and Industry**  
**Statements of Financial Position**  
**(with Summarized Financial Information for May 31, 2024)**  
**May 31, 2025**

	May 31, 2025			May 31, 2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 4,133,995	\$ 1,545,140	\$ 5,679,135	\$ 5,156,670
Accounts, pledges, and contracts receivable, current portion, net of allowance	2,383,185	959,189	3,342,374	2,363,658
Investments	7,980,278	2,124,987	10,105,265	9,389,993
Prepaid expenses and other assets	1,393,047	-	1,393,047	1,311,777
Due from other funds	-	314,709	314,709	481,375
Total current assets	15,890,505	4,944,025	20,834,530	18,703,473
<b>LONG-TERM ASSETS</b>				
Accounts, pledges, and contracts receivable, net of current portion	-	157,536	157,536	141,247
Beneficial interest in perpetual trust	-	-	-	404,415
Land, buildings, exhibits, and equipment, net	47,120,846	-	47,120,846	47,792,520
Right of use asset - operating	68,424	-	68,424	212,717
Total long-term assets	47,189,270	157,536	47,346,806	48,550,899
<b>TOTAL ASSETS</b>	<b>\$ 63,079,775</b>	<b>\$ 5,101,561</b>	<b>\$ 68,181,336</b>	<b>\$ 67,254,372</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 3,610,997	\$ -	\$ 3,610,997	\$ 2,569,432
Operating lease liability, current portion	45,191	-	45,191	144,293
Due to other funds	314,709	-	314,709	481,375
Deferred revenues, current portion	5,369,718	-	5,369,718	4,338,061
Bonds payable, current portion	322,780	-	322,780	314,912
Total current liabilities	9,663,395	-	9,663,395	7,848,073
<b>LONG-TERM LIABILITIES</b>				
Deferred revenues, net of current portion	96,146	-	96,146	213,985
Operating lease liability, net of current portion	23,233	-	23,233	68,424
Bonds payable, net of current portion	5,953,043	-	5,953,043	6,275,823
Loan payable	7,959,184	-	7,959,184	7,701,767
Total long-term liabilities	14,031,606	-	14,031,606	14,259,999
Total liabilities	23,695,001	-	23,695,001	22,108,072
<b>NET ASSETS</b>	<b>39,384,774</b>	<b>5,101,561</b>	<b>44,486,335</b>	<b>45,146,300</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 63,079,775</b>	<b>\$ 5,101,561</b>	<b>\$ 68,181,336</b>	<b>\$ 67,254,372</b>

See accompanying notes.

**Oregon Museum of Science and Industry**  
**Statements of Activities**  
**(with Summarized Financial Information for the Year Ended May 31, 2024)**  
**Year Ended May 31, 2025**

	Year Ended May 31, 2025			May 31, 2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES</b>				
Admissions	\$ 8,000,316	\$ -	\$ 8,000,316	\$ 6,553,958
Memberships	2,567,166	-	2,567,166	2,308,012
Educational programs	4,206,974	-	4,206,974	3,849,222
Auxiliary activities	1,214,285	-	1,214,285	1,378,646
Exhibit fees	1,002,083	-	1,002,083	887,573
Contributions and grants	2,454,343	4,976,178	7,430,521	6,241,011
Change in value of perpetual trust	-	-	-	43,921
Contributions of nonfinancial assets	387,856	-	387,856	326,750
Investment return, net	425,175	27,553	452,728	459,908
Other income	2,006,883	-	2,006,883	2,317,243
Loss on sale of land, buildings, exhibits, and equipment	(4,302)	-	(4,302)	(11,269)
Net assets released from restriction	5,554,162	(5,554,162)	-	-
<b>Total revenues</b>	<b>27,814,941</b>	<b>(550,431)</b>	<b>27,264,510</b>	<b>24,354,975</b>
<b>EXPENSES</b>				
Program services				
Museum activities	15,381,619	-	15,381,619	14,464,604
Educational programs	5,427,960	-	5,427,960	4,761,798
<b>Total program services</b>	<b>20,809,579</b>	<b>-</b>	<b>20,809,579</b>	<b>19,226,402</b>
Supporting services				
Management and general	5,021,339	-	5,021,339	4,651,560
Fundraising	1,455,828	-	1,455,828	1,585,016
<b>Total supporting services</b>	<b>6,477,167</b>	<b>-</b>	<b>6,477,167</b>	<b>6,236,576</b>
<b>Auxiliary activities</b>	<b>637,729</b>	<b>-</b>	<b>637,729</b>	<b>666,565</b>
<b>Total expenses</b>	<b>27,924,475</b>	<b>-</b>	<b>27,924,475</b>	<b>26,129,543</b>
<b>CHANGE IN NET ASSETS</b>	<b>(109,534)</b>	<b>(550,431)</b>	<b>(659,965)</b>	<b>(1,774,568)</b>
<b>NET ASSETS, beginning of year</b>	<b>39,494,308</b>	<b>5,651,992</b>	<b>45,146,300</b>	<b>46,920,868</b>
<b>NET ASSETS, end of year</b>	<b>\$ 39,384,774</b>	<b>\$ 5,101,561</b>	<b>\$ 44,486,335</b>	<b>\$ 45,146,300</b>

See accompanying notes.



**Oregon Museum of Science and Industry**  
**Statement of Functional Expenses**  
**Year Ended May 31, 2025**

	Program Services			Supporting Services			Auxiliary	
	Museum Activities	Educational Programs	Subtotal	Management and General	Fundraising	Subtotal	Activities	Total
Salaries, wages, and related expenses	\$ 6,235,385	\$ 3,858,289	\$ 10,093,674	\$ 2,026,037	\$ 927,457	\$ 2,953,494	\$ 335,328	\$ 13,382,496
Professional services	2,299,767	257,925	2,557,692	639,987	280,748	920,735	13,333	3,491,760
Depreciation and amortization of capital assets	2,324,003	529,366	2,853,369	37,716	-	37,716	268,357	3,159,442
Supplies and subscriptions	425,907	155,716	581,623	940,784	19,134	959,918	2,672	1,544,213
Rentals	1,239,366	104,416	1,343,782	-	-	-	455	1,344,237
Utilities	847,746	65,235	912,981	-	-	-	-	912,981
Repairs and maintenance	604,933	29,103	634,036	-	-	-	-	634,036
Publicity, printing, and postage	558,819	2,238	561,057	12,832	18,517	31,349	10	592,416
Bank fees and interest	176	54	230	557,329	147	557,476	-	557,706
Insurance	-	-	-	539,181	-	539,181	-	539,181
Food	118,602	201,896	320,498	37,536	61,211	98,747	9,372	428,617
Contributions of nonfinancial assets	216,591	23,330	239,921	3,600	141,545	145,145	-	385,066
Transportation	197,271	64,185	261,456	72	227	299	-	261,755
Equipment	125,946	45,412	171,358	71,978	-	71,978	2,396	245,732
Travel	87,776	28,951	116,727	14,989	1,173	16,162	856	133,745
Taxes and other	77,159	3,433	80,592	1,950	744	2,694	3,800	87,086
Cost of merchandise sold	-	50,675	50,675	-	-	-	-	50,675
Telephone	21,150	7,530	28,680	54,606	4,925	59,531	1,150	89,361
Miscellaneous	1,022	206	1,228	5,507	-	5,507	-	6,735
Bad debt	-	-	-	77,235	-	77,235	-	77,235
Total functional expenses	<u>\$ 15,381,619</u>	<u>\$ 5,427,960</u>	<u>\$ 20,809,579</u>	<u>\$ 5,021,339</u>	<u>\$ 1,455,828</u>	<u>\$ 6,477,167</u>	<u>\$ 637,729</u>	<u>\$ 27,924,475</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
Professional services	1,576,424	155,084	1,731,508	525,766	349,483	875,249	18,075	2,624,832
Depreciation and amortization of								
capital assets	2,514,849	519,257	3,034,106	34,819		34,819	285,802	3,354,727
Supplies and subscriptions	361,444	143,738	505,182	587,224	27,998	615,222	2,990	1,123,394
Rentals	1,781,709	99,129	1,880,838	5,554	3,725	9,279	-	1,890,117
Utilities	763,550	57,733	821,283	-	-	-	-	821,283
Repairs and maintenance	615,943	17,506	633,449	27,163	-	27,163	59	660,671
Publicity, printing, and postage	404,783	3,571	408,354	6,660	21,288	27,948	3,924	440,226
Bank fees and interest	1,279	-	1,279	676,248	97	676,345	-	677,624
Insurance	-	-	-	468,057	-	468,057	-	468,057
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
Transportation	54,283	52,959	107,242	879	260	1,139	70	108,451
Equipment	34,651	11,728	46,379	76,556	-	76,556	-	122,935
Travel	79,874	35,973	115,847	24,370	2,799	27,169	760	143,776
Taxes and other	60,744	2,347	63,091	43,400	2,592	45,992	2,066	111,149
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)
Total functional expenses	<u>\$ 14,464,604</u>	<u>\$ 4,761,798</u>	<u>\$ 19,226,402</u>	<u>\$ 4,651,560</u>	<u>\$ 1,585,016</u>	<u>\$ 6,236,576</u>	<u>\$ 666,565</u>	<u>\$ 26,129,543</u>

See accompanying notes.

**Oregon Museum of Science and Industry**  
**Statements of Cash Flows**  
**Years Ended May 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (659,965)	\$ (1,774,568)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized gains on investments	(62,655)	(185,866)
Depreciation and amortization expense	3,159,442	3,354,727
Amortization of right of use asset	144,293	139,435
Fair value adjustment to perpetual trust	-	(43,921)
Loss on disposition of land, buildings, exhibits, and equipment	4,302	11,269
Changes in assets and liabilities		
Accounts, pledges, and contracts receivable, net	(995,005)	(263,186)
Prepaid expenses and other assets	(81,270)	(8,866)
Beneficial interest in perpetual trust	404,415	-
Accounts payable and accrued expenses	561,315	105,388
Operating lease liability	(144,293)	(139,435)
Deferred revenues	913,818	(108,770)
Net cash provided by operating activities	<u>3,244,397</u>	<u>1,086,207</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	5,851,607	10,370,382
Purchase of investments	(6,504,224)	(14,707,753)
Purchase of land, buildings, exhibits, and equipment	<u>(2,011,820)</u>	<u>(4,769,017)</u>
Net cash used in investing activities	<u>(2,664,437)</u>	<u>(9,106,388)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	257,417	1,664,568
Payments on 2020 Series A bonds payable	(159,754)	(155,343)
Payments on 2020 Series B bonds payable	<u>(155,158)</u>	<u>(150,840)</u>
Net cash provided by (used in) financing activities	<u>(57,495)</u>	<u>1,358,385</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	522,465	(6,661,796)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>5,156,670</u>	<u>11,818,466</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 5,679,135</u></u>	<u><u>\$ 5,156,670</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u><u>\$ 407,471</u></u>	<u><u>\$ 334,372</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES</b>		
Building improvements financed with loan payable	<u><u>\$ 257,417</u></u>	<u><u>\$ 6,037,199</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.

**Financial statement presentation** – The accompanying financial statements of MSI 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 MSI 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 MSI. 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 \$58,147 and \$9,262 at May 31, 2025 and 2024, respectively. The allowance for credit losses is estimated by evaluating the credit worthiness of those from whom amounts are due, current economic trends, and future forecasted collectability of accounts outstanding. Receivables are considered delinquent if not paid by the due date. Accounts are charged off when all collection efforts have been exhausted.

**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.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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**Prepaid expenses** – Prepaid expenses consist primarily of rental costs, software costs, insurance, 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 the 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.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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**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.

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 \$3,906,723 that have not been recognized at May 31, 2025, 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. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions, if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from 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. 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 \$470,921 and \$324,452 for the years ended May 31, 2025 and 2024, respectively.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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**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, 2025 and 2024. 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.

**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 September 30, 2025, which is the date the financial statements were available to be issued.



## Oregon Museum of Science and Industry

### Notes to Financial Statements

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#### 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, 2024, from which the summarized information was derived.

#### 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 at May 31:

	<u>2025</u>	<u>2024</u>
Financial assets		
Cash and cash equivalents	\$ 4,133,995	\$ 3,720,942
Accounts, pledges, and contracts receivable	2,383,185	1,661,957
Investments	<u>7,980,278</u>	<u>6,902,467</u>
Total financial assets available within one year	14,497,458	12,285,366
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><u>\$ 13,497,458</u></u>	<u><u>\$ 11,285,366</u></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:

	2025	2024
Accounts, pledges, and contracts receivable without donor restrictions		
Trade and other receivables	\$ 1,622,210	\$ 888,343
Traveling exhibit and exhibit sales contracts	324,750	11,500
Pledges, net of discount	424,609	194,441
Grants	69,763	576,935
	2,441,332	1,671,219
Less allowance for credit losses	(58,147)	(9,262)
Accounts, pledges, and contracts receivable without donor restrictions, net of discount	2,383,185	1,661,957
Pledges and grants receivable with donor restrictions		
Pledges, net of discount	1,116,725	842,948
Total accounts, pledges, and contracts receivable	3,499,910	2,504,905
Less accounts, pledges, and contracts receivable due within one year	(3,342,374)	(2,363,658)
Long-term accounts, pledges, and contracts receivable	\$ 157,536	\$ 141,247

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 \$22,465 and \$22,987 for the years ended May 31, 2025 and 2024, respectively.

As of May 31, 2025, pledges receivable are due as follows:

Less than one year	\$ 1,383,798
One to five years	180,001
	1,563,799
Less: discount to net present value	(22,465)
Pledges receivable, net of discount	\$ 1,541,334

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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

OMSI was the sole beneficiary of a perpetual trust whereby the investment principal remained part of the trust and was not the property of the Organization. The trust was managed by a third-party trustee, Bank of America, N.A. Each year, OMSI received annual income distributions from the trust in perpetuity, which was to be used for scholarship or educational purposes. The Organization had no right to the investment principal. The annual fluctuation in the fair value of the trust was included in the statements of activities as an increase or decrease in net assets with donor restrictions. As of May 31, 2025, the restrictions were released and reported as a release from donor restrictions.

#### Note 6 – Investments

Investments are comprised of the following at May 31:

	2025	2024
Mutual funds	\$ 8,875,244	\$ 6,764,399
Stocks and exchange traded funds	699,758	557,463
Certificates of deposit	530,263	2,068,131
	<hr/>	<hr/>
Total investments	<u>\$ 10,105,265</u>	<u>\$ 9,389,993</u>

#### 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 was recorded at fair value based on the fair value of the underlying trust assets as determined by the third-party trustee, which was based on quoted market prices. The third-party trustee controlled the investments in the trust and made all management and investment decisions. The beneficial interest was transferred to the Organization during the year ended May 31, 2025.

The Organization has no liabilities that are required to be measured at fair value at May 31, 2025 and 2024. There were no changes in valuation methodologies or assumptions during the years ended May 31, 2025 and 2024.

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, 2025 and 2024:

Fair Value Measurement at Report Date Using:				
	Fair Value at May 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 8,875,244	\$ 8,875,244	\$ -	\$ -
Stocks and exchange traded funds	699,758	699,758	-	-
Certificates of deposit	530,263	-	530,263	-
	<u>\$ 10,105,265</u>	<u>\$ 9,575,002</u>	<u>\$ 530,263</u>	<u>\$ -</u>

# Oregon Museum of Science and Industry

## Notes to Financial Statements

Fair Value Measurement at Report Date Using:				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value at May 31, 2024			
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
	<u>\$ 9,794,408</u>	<u>\$ 7,321,862</u>	<u>\$ 2,068,131</u>	<u>\$ 404,415</u>

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

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

	2025	2024
Land	\$ 12,990,147	\$ 12,990,147
Buildings and improvements	64,244,481	64,163,564
Exhibits	14,377,891	14,142,438
Equipment	6,742,073	6,314,353
Total land, buildings, exhibits, and equipment	98,354,592	97,610,502
Less accumulated depreciation and amortization	<u>(53,829,055)</u>	<u>(50,718,561)</u>
	44,525,537	46,891,941
Construction in progress	<u>2,595,309</u>	<u>900,579</u>
Land, buildings, exhibits, and equipment, net	<u>\$ 47,120,846</u>	<u>\$ 47,792,520</u>

### Note 9 – Deferred Revenue

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

	2025	2024
Deferred revenue, beginning of year	\$ 1,205,813	\$ 1,135,645
Purchase of memberships	2,747,818	2,378,180
Amortization of memberships to revenue	<u>(2,567,166)</u>	<u>(2,308,012)</u>
Deferred revenue, end of year	<u>\$ 1,386,465</u>	<u>\$ 1,205,813</u>

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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

	2025	2024
Deferred revenue, beginning of year	\$ 652,558	\$ 844,882
Traveling exhibit fees and exhibit sales	1,258,924	695,249
Amortization of exhibit fees to revenue	<u>(1,002,083)</u>	<u>(887,573)</u>
Deferred revenue, end of year	<u>\$ 909,399</u>	<u>\$ 652,558</u>

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

	2025	2024
Deferred revenue, beginning of year	\$ 2,693,675	\$ 2,680,289
Purchase of camps, classes, and other events	4,683,299	3,862,608
Amortization of educational programs to revenue	<u>(4,206,974)</u>	<u>(3,849,222)</u>
Deferred revenue, end of year	<u>\$ 3,170,000</u>	<u>\$ 2,693,675</u>

#### 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, 2025 and 2024, \$7,959,184 and \$7,701,767, respectively, 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.

# Oregon Museum of Science and Industry

## Notes to Financial Statements

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*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.

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

	<u>2025</u>	<u>2024</u>
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.	\$ 7,959,184	\$ 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.	2,982,014	3,141,768
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.	<u>3,293,809</u>	<u>3,448,967</u>
Loan and bonds payable, total	14,235,007	14,292,502
Less current portion	<u>(322,780)</u>	<u>(314,912)</u>
Loan and bonds payable, net of current portion	<u><u>\$ 13,912,227</u></u>	<u><u>\$ 13,977,590</u></u>

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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

Years Ending May 31,	2026	\$ 322,780
	2027	332,076
	2028	340,604
	2029	350,164
	2030	344,816
	Thereafter	<u>12,544,567</u>
		<u><u>\$ 14,235,007</u></u>

Total interest expense for the years ended May 31, 2025 and 2024, was \$445,390 and \$386,420 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.

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

Securities and cash with fair values of \$967,996 and \$934,769 at May 31, 2025 and 2024, 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, 2025 or 2024. 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 \$7,463,559 and \$7,114,768 at May 31, 2025 and 2024, respectively. OMSI recorded contributions with donor restrictions from the endowment of \$293,060 and \$278,951 for the years ended May 31, 2025 and 2024, respectively.



## Oregon Museum of Science and Industry

### Notes to Financial Statements

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#### **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 \$85,233 and \$0 during the years ended May 31, 2025 and 2024, 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, 2025 or 2024. The Organization recorded an asset and liability in the amount of \$87,906 as May 31, 2025. The Organization recorded an asset and liability in the amount of \$80,151 as of May 31, 2024. 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.

#### **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.

The Organization receives federal grant funding, which is subject to annual appropriations and potential budgetary changes. Recent indications of possible federal funding cuts create uncertainty regarding the continuation and amount of future grant support, which may impact the Organization's ability to fulfill program commitments and contractual obligations.

Management is actively monitoring federal budget developments and evaluating contingency plans, including alternative funding sources and program adjustments, to mitigate potential impacts. As of the reporting date, no adjustments have been made to the financial statements related to these contingencies due to the uncertainty surrounding the timing and extent of any funding reductions.

# Oregon Museum of Science and Industry

## Notes to Financial Statements

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### 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*

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	\$ 149,868	\$ 139,158
Weighted-average remaining lease term – operating leases, in years	1.65	2.63
Weighted-average discount rate – operating leases	4.91%	3.77%

Maturities of operating lease liabilities as of May 31, 2025, are as follows:

Years ending May 31,	2026	\$ 47,106
	2027	12,852
	2028	10,710
	Total	<u>70,668</u>
	Less: Imputed Interest	<u>(2,244)</u>
	Lease liability	<u><u>\$ 68,424</u></u>

Total lease costs for each of the years ended May 31, 2025 and 2024, were approximately \$145,000 and \$140,000, respectively. Rent expense includes a number of short-term rentals that did not qualify under Accounting Standards Codification (ASC) 842 for recording.

### 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, 2025:

Satisfaction of program restrictions for grants	\$ 2,665,579
Satisfaction of program restrictions for contributions	2,112,081
Beneficial interest released from restrictions	404,415
Reclassification of program restrictions (see Note 17)	<u>372,087</u>
	<u><u>\$ 5,554,162</u></u>

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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

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

	2025	2024
Contributions and grants restricted by purpose for:		
Special operating purposes	\$ 4,231,292	\$ 4,163,097
Scholarships	490,324	480,169
Total purpose restrictions	4,721,616	4,643,266
Contributions restricted by time for operations	254,958	119,305
Endowments		
General Education (Original Gift, \$171,498)	-	365,005
Arend Financial Access (Original Gift, \$35,365)	124,987	120,001
Total endowments held in perpetuity	124,987	485,006
Peterson Trust – beneficial interest in trust	-	404,415
Total endowments	124,987	889,421
Total net assets with donor restrictions	\$ 5,101,561	\$ 5,651,992

#### 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. The Organization reclassified \$372,087 and \$334,718 during the years ended May 31, 2025 and 2024, respectively, of donor restricted endowments to Board-designated endowment with donor consent. As of May 31, 2025 and 2024, Board-designated endowments were \$1,162,502 and \$734,296, 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, 2025 and 2024.

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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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

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, 2025, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, May 31, 2024	\$ 734,296	\$ 485,006	\$ 1,219,302
Reclassification of endowment assets	372,087	(372,087)	-
Investment return	64,745	27,553	92,298
Appropriation of endowment assets for expenditure	<u>(8,626)</u>	<u>(15,485)</u>	<u>(24,111)</u>
Endowment net assets, May 31, 2025	<u>\$ 1,162,502</u>	<u>\$ 124,987</u>	<u>\$ 1,287,489</u>

## Oregon Museum of Science and Industry

### Notes to Financial Statements

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

	Without Donor Restrictions	With Donor Restrictions	Total
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	-	(30,975)	(30,975)
Endowment net assets, May 31, 2024	<u>\$ 734,296</u>	<u>\$ 485,006</u>	<u>\$ 1,219,302</u>

#### Note 18 – Contributed Nonfinancial Assets

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

	2025	2024
Professional services	\$ 163,065	\$ 213,760
Goods	138,663	112,990
Other	86,128	-
	<u>\$ 387,856</u>	<u>\$ 326,750</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, 2025 and 2024.

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