

**PACIFIC SCIENCE CENTER FOUNDATION**

Consolidated Financial Statements

For the Years Ended June 30, 2024 and 2023

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## Independent Auditor's Report

**To the Board of Directors  
Pacific Science Center Foundation  
Seattle, Washington**

### Opinion

We have audited the accompanying consolidated financial statements of Pacific Science Center Foundation (the Center), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2024 and 2023 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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## **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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

*Clark Nuber P.S.*

Certified Public Accountants  
January 9, 2025

**PACIFIC SCIENCE CENTER FOUNDATION**

**Consolidated Statements of Financial Position  
June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,517,412	\$ 4,786,188
Investments	6,119,450	7,659,731
Accounts receivable, net	237,390	108,678
Pledges receivable, net	79,500	6,050
Grants receivable	222,892	43,825
Prepaid expenses and other current assets	364,353	529,653
<b>Total Current Assets</b>	<b>8,540,997</b>	<b>13,134,125</b>
Long-term pledges receivable, net	50,000	50,000
Split life insurance receivable, net	1,563,566	1,522,855
Beneficial interest in trust	3,303,535	2,938,587
Endowment investments	2,297,093	2,079,113
Trademark licenses	220,058	299,253
Land, building and equipment, net	21,873,599	22,726,006
<b>Total Assets</b>	<b>\$ 37,848,848</b>	<b>\$ 42,749,939</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 1,451,476	\$ 1,000,247
Accrued expenses	1,549,535	1,363,940
Deferred revenue	2,747,832	2,509,307
Current portion of long-term debt	1,450,000	1,450,000
Current portion of trademark license obligations	84,253	98,304
<b>Total Current Liabilities</b>	<b>7,283,096</b>	<b>6,421,798</b>
Long-term debt, net of current portion	5,800,000	7,250,000
Trademark license obligations, net of current portion	135,805	200,949
<b>Total Liabilities</b>	<b>13,218,901</b>	<b>13,872,747</b>
<b>Net Assets:</b>		
Without donor restrictions	18,537,538	22,796,341
With donor restrictions	6,092,409	6,080,851
<b>Total Net Assets</b>	<b>24,629,947</b>	<b>28,877,192</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 37,848,848</b>	<b>\$ 42,749,939</b>

See accompanying notes.

**PACIFIC SCIENCE CENTER FOUNDATION**

**Consolidated Statements of Activities  
For the Year Ended June 30, 2024**

	Without Restrictions	With Donor Restrictions	2024 Total
<b>Earned Revenue:</b>			
Camps	\$ 2,145,898	\$ -	\$ 2,145,898
Theater ticket sales and concessions	3,143,762		3,143,762
General admissions	4,094,498		4,094,498
Education and outreach programs	206,658		206,658
Memberships	1,164,993		1,164,993
Venue experiences revenue	453,422		453,422
Earned ancillary revenue	499,822		499,822
<b>Total Earned Revenue</b>	<b>11,709,053</b>		<b>11,709,053</b>
<b>Contribution Support:</b>			
Pledges, contributions and grants	3,961,284	1,093,826	5,055,110
Washington State sales and use tax support	2,356,875		2,356,875
Donated goods and services	15,941		15,941
Contributions released from restriction	1,730,055	(1,730,055)	
<b>Total Contribution Support</b>	<b>8,064,155</b>	<b>(636,229)</b>	<b>7,427,926</b>
<b>Total Operating Revenue and Support</b>	<b>19,773,208</b>	<b>(636,229)</b>	<b>19,136,979</b>
<b>Operating Expenses:</b>			
Science education and exhibits	16,229,806		16,229,806
Development	1,708,734		1,708,734
Administration	4,094,016		4,094,016
<b>Total Operating Expenses</b>	<b>22,032,556</b>		<b>22,032,556</b>
<b>Total Operating Income</b>	<b>(2,259,348)</b>	<b>(636,229)</b>	<b>(2,895,577)</b>
<b>Gains, Losses, Depreciation and Financing Costs:</b>			
Investment return, net	568,254	282,839	851,093
Change in value of beneficial interest in trust		364,948	364,948
Loss on disposal of assets	(132,153)		(132,153)
Depreciation expense	(2,126,876)		(2,126,876)
Interest expense	(308,680)		(308,680)
<b>Total Gains, Losses, Depreciation and Financing Costs</b>	<b>(1,999,455)</b>	<b>647,787</b>	<b>(1,351,668)</b>
<b>Change in Net Assets</b>	<b>(4,258,803)</b>	<b>11,558</b>	<b>(4,247,245)</b>
Net assets, beginning of year	22,796,341	6,080,851	28,877,192
<b>Net Assets, End of Year</b>	<b>\$ 18,537,538</b>	<b>\$ 6,092,409</b>	<b>\$ 24,629,947</b>

See accompanying notes.

**PACIFIC SCIENCE CENTER FOUNDATION**

**Consolidated Statements of Activities  
For the Year Ended June 30, 2023**

	Without Restrictions	With Donor Restrictions	2023 Total
<b>Earned Revenue:</b>			
Camps	\$ 1,598,556	\$ -	\$ 1,598,556
Theater ticket sales and concessions	2,086,719		2,086,719
General admissions	3,706,262		3,706,262
Education and outreach programs	137,316		137,316
Memberships	1,950,565		1,950,565
Venue experiences revenue	236,918		236,918
Earned ancillary revenue	479,599		479,599
<b>Total Earned Revenue</b>	<b>10,195,935</b>		<b>10,195,935</b>
<b>Contribution Support:</b>			
Pledges, contributions and grants	3,845,101	644,452	4,489,553
Federal COVID-relief funding	925,056		925,056
Washington State sales and use tax support	2,278,228		2,278,228
Donated goods and services	21,859		21,859
Contributions released from restriction	1,990,507	(1,990,507)	
<b>Total Contribution Support</b>	<b>9,060,751</b>	<b>(1,346,055)</b>	<b>7,714,696</b>
<b>Total Operating Revenue and Support</b>	<b>19,256,686</b>	<b>(1,346,055)</b>	<b>17,910,631</b>
<b>Operating Expenses:</b>			
Science education and exhibits	12,730,647		12,730,647
Development	1,138,781		1,138,781
Administration	3,662,446		3,662,446
<b>Total Operating Expenses</b>	<b>17,531,874</b>		<b>17,531,874</b>
<b>Total Operating Income</b>	<b>1,724,812</b>	<b>(1,346,055)</b>	<b>378,757</b>
<b>Gains, Losses, Depreciation and Financing Costs:</b>			
Investment return, net	640,253	222,438	862,691
Change in value of beneficial interest in trust		269,060	269,060
Loss on disposal of assets	(98,902)		(98,902)
Depreciation expense	(2,185,103)		(2,185,103)
Interest expense	(167,321)		(167,321)
<b>Total Gains, Losses, Depreciation and Financing Costs</b>	<b>(1,811,073)</b>	<b>491,498</b>	<b>(1,319,575)</b>
<b>Change in Net Assets</b>	<b>(86,261)</b>	<b>(854,557)</b>	<b>(940,818)</b>
Net assets, beginning of year	22,882,602	6,935,408	29,818,010
<b>Net Assets, End of Year</b>	<b>\$ 22,796,341</b>	<b>\$ 6,080,851</b>	<b>\$ 28,877,192</b>

See accompanying notes.

**PACIFIC SCIENCE CENTER FOUNDATION**

**Consolidated Statements of Functional Expenses  
For the Year Ended June 30, 2024**

	Science Education and Exhibits	Development	Administration	2024 Total
<b>Operating Expenses:</b>				
Personnel	\$ 9,532,477	\$ 1,164,114	\$ 2,791,959	\$ 13,488,550
Services	1,223,060	280,650	273,128	1,776,838
Occupancy	1,311,071	2,501	36,718	1,350,290
Licenses and royalty fees	1,099,280			1,099,280
Advertising	928,571	127,608		1,056,179
Supplies	946,389	32,843	23,840	1,003,072
Information technology	336,954	20,579	307,017	664,550
Bank fees	264,089	38,694	76,866	379,649
Other	21,722	27,335	267,286	316,343
Insurance	192		284,369	284,561
Printing and copying	205,959	10,958	6,000	222,917
Cost of goods sold	214,773	1,178		215,951
Travel	145,269	2,274	26,833	174,376
<b>Total Operating Expenses</b>	<b>16,229,806</b>	<b>1,708,734</b>	<b>4,094,016</b>	<b>22,032,556</b>
<b>Nonoperating Expenses:</b>				
Depreciation and amortization	1,920,357	46,791	159,728	2,126,876
Interest	232,122	22,365	54,193	308,680
<b>Total Nonoperating Expenses</b>	<b>2,152,479</b>	<b>69,156</b>	<b>213,921</b>	<b>2,435,556</b>
<b>Total Expenses</b>	<b>\$ 18,382,285</b>	<b>\$ 1,777,890</b>	<b>\$ 4,307,937</b>	<b>\$ 24,468,112</b>

See accompanying notes.



**PACIFIC SCIENCE CENTER FOUNDATION**

**Consolidated Statements of Functional Expenses  
For the Year Ended June 30, 2023**

	Science Education and Exhibits	Development	Administration	2023 Total
<b>Operating Expenses:</b>				
Personnel	\$ 7,271,081	\$ 730,391	\$ 2,556,565	\$ 10,558,037
Services	1,131,166	75,964	429,055	1,636,185
Occupancy	1,155,797	2,887	31,597	1,190,281
Licenses and royalty fees	681,448			681,448
Advertising	800,721	135,018		935,739
Supplies	689,179	30,303	79,140	798,622
Information technology	334,114	80,209	180,910	595,233
Bank fees	281,258	22,228	49,842	353,328
Other	15,403	44,530	65,438	125,371
Insurance			260,376	260,376
Printing and copying	120,034	13,090	3,793	136,917
Cost of goods sold	162,027			162,027
Travel	88,419	4,161	5,730	98,310
<b>Total Operating Expenses</b>	<b>12,730,647</b>	<b>1,138,781</b>	<b>3,662,446</b>	<b>17,531,874</b>
<b>Nonoperating Expenses:</b>				
Depreciation	1,972,930	48,072	164,101	2,185,103
Interest	121,426	10,886	35,009	167,321
<b>Total Nonoperating Expenses</b>	<b>2,094,356</b>	<b>58,958</b>	<b>199,110</b>	<b>2,352,424</b>
<b>Total Expenses</b>	<b>\$ 14,825,003</b>	<b>\$ 1,197,739</b>	<b>\$ 3,861,556</b>	<b>\$ 19,884,298</b>

See accompanying notes.

**PACIFIC SCIENCE CENTER FOUNDATION**

**Consolidated Statements of Cash Flows  
For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (4,247,245)	\$ (940,818)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities-		
Loss on disposal of fixed assets	132,153	98,902
Depreciation and amortization	2,126,876	2,185,103
Change in value of beneficial interest in trust	(364,948)	(269,060)
Unrealized and realized gains on investments	(564,811)	(411,329)
Changes in assets and liabilities:		
Accounts receivable	(128,712)	(67,049)
Pledges and grants, and split life insurance receivable	(293,228)	115,540
Prepaid expenses and other assets	165,300	(302,444)
Accounts payable and accrued expenses	76,482	676,723
Deferred revenue	238,525	(622,847)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(2,859,608)</b>	<b>462,721</b>
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of fixed assets	7,000	100
Purchase of building improvements and equipment	(742,570)	(1,624,763)
Purchase of investments	(256,140)	(2,599,745)
Proceeds from sales of investments	2,143,252	4,451,730
<b>Net Cash Provided by Investing Activities</b>	<b>1,151,542</b>	<b>227,322</b>
<b>Cash Flows From Financing Activities:</b>		
Repayments on long-term debt	(1,450,000)	(1,450,000)
Payments on trademark liabilities	(110,710)	(105,270)
<b>Net Cash Used in Financing Activities</b>	<b>(1,560,710)</b>	<b>(1,555,270)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(3,268,776)</b>	<b>(865,227)</b>
Cash and cash equivalents, beginning of year	4,786,188	5,651,415
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,517,412</b>	<b>\$ 4,786,188</b>
<b>Supplementary Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 268,961	\$ 124,480
Building and equipment purchases included in accounts payable	\$ 560,342	\$ -

See accompanying notes.

## PACIFIC SCIENCE CENTER FOUNDATION

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 1 - Description of the Center and Summary of Significant Accounting Policies

**Description of the Center** - Born in the spirit of innovation at the 1962 World's Fair in Seattle, the Pacific Science Center ("PacSci," or "the Center") has ignited curiosity for more than 60 years. Since its founding as the nation's first science and technology center, PacSci has worked to expand access to science, serve as a vital resource for educators and fuel discovery and experimentation as a vibrant community laboratory. PacSci is an independent, not-for-profit institution that serves more than 500 thousand people in the Pacific Northwest and beyond each year. Look for its iconic arches at the foot of the Space Needle in the Seattle Center and for innovative PacSci programming and digital resources at schools, libraries, community centers throughout Washington and beyond.

**Basis of Presentation** - The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Center and/or the passage of time or that they be maintained in perpetuity by the Center. The donors of the endowment assets permit the Center to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as releases between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**Principles of Consolidation** - The consolidated financial statements include the accounts of the Pacific Science Center Foundation and its wholly-owned limited liability company (collectively referred to as the Center). Inter-organization balances and transactions have been eliminated in consolidation.

**Revenue Recognition** - The Center earns revenues from the sale of admissions for general exhibits and its theaters. Admissions are generally purchased by customers in advance or on the date of entry to the Center and are nonrefundable. Revenues from admissions are recognized when the performance obligation of providing access to the Center is met on the date of entry to the Center. The Center also earns revenues from camps and programs and revenues are recognized on the date the camp or program occurs. The Center also earns revenues from the sales of memberships, which are nonrefundable and provides the member access to the Center during the annual membership period. The Center recognizes memberships ratably as the performance obligation is met over the membership period. Deferred revenue consists of payments received in advance for memberships, admissions, educational programs and events.

## PACIFIC SCIENCE CENTER FOUNDATION

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 1 - Continued

The Center recognizes contributions as revenues when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are not recognized as revenues until the conditions on which they depend have been met. Government contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

**Cash and Cash Equivalents** - The Center considers all short-term investments with an original maturity of three months or less to be cash equivalents, except for cash balances held for investment purposes. At times the Center holds cash in a bank in excess of the available federal deposit insurance.

**Investments** - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position based on quoted market prices. Unrealized gains and losses are recorded as a change in net assets.

**Receivables** - Accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a provision for credit losses based on its assessment of historical collection experience, current economic conditions and reasonable and supportable forecasts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the provision for credit losses and a credit to accounts or pledges receivable. Changes in the provision for credit losses have not been material to the financial statements.

**Land, Building and Equipment** - Purchased assets are recorded at cost and donated assets are recorded at fair value when received. Depreciation is computed on a straight-line basis over the estimated useful life of the asset, which is 10 to 40 years for buildings and improvements, 5 years for vehicles and 3 to 10 years for furniture and equipment except the IMAX projection systems, which is 20 years. The Center capitalizes assets of \$5,000 or more with useful lives over one year.

**Noncash Donations** - The Center also receives donated goods and services, which are included in the consolidated statements of activities at estimated fair value as follows for the year ended June 30:

	<u>2024</u>	<u>2023</u>
Other donated goods and services	<u>\$ 15,941</u>	<u>\$ 21,859</u>
<b>Total Donated Goods and Services</b>	<b><u>\$ 15,941</u></b>	<b><u>\$ 21,859</u></b>

Donated advertising is utilized by the Center and is recognized based on market value. The Center did not monetize any donated facilities or other support during the years ended June 30, 2024 and 2023.

Gifts of equipment are reported as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restriction. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restriction are reported when the donated or acquired long-lived assets are placed in service.

## PACIFIC SCIENCE CENTER FOUNDATION

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 1 - Continued

Periodically, volunteers donate time to support the Center's objectives. However, the value of these services is not recognized in these consolidated financial statements as the services do not meet the recognition criteria under U.S. GAAP.

**Advertising** - The Center expenses advertising as incurred. Advertising and marketing expenses totaled \$1,056,179 and \$935,739 for the years ended June 30, 2024 and 2023, respectively, including donated advertising.

**Allocation of Expenses** - The consolidated statements of activities present revenues summarized by various sources and present expenses summarized by direct or indirect categories. The consolidated statements of functional expenses reports expenses by both function and nature as required by U.S. GAAP. The functional categories of expenses are primarily derived by directly charging expenses to specific functional categories. There are certain categories of expenses that are attributable to one or more program or supporting services of the Center that must be allocated. Those expenses include depreciation and interest. Depreciation expense is allocated to each functional category based on square footage and interest expense is allocated based on the proportion of expenses in each functional category.

**Use of Estimates** - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Tax Status** - The Pacific Science Center Foundation has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) with the exception of income from any activities that are not related to the Center's tax-exempt purpose. The Center is further classified as an organization that is not a private foundation under Section 509(a)(1) of the Code. The wholly-owned LLC is subject to income taxes. No provision for income taxes has been recorded.

**Subsequent Events** - The Center has evaluated subsequent events through January 9, 2025, the date on which the financial statements were available to be issued.

#### Note 2 - Pledges Receivable

Pledges receivable at June 30 are expected to be received as follows:

	2024	2023
Due in less than one year	\$ 79,500	\$ 6,050
Due in one to five years	50,000	50,000
Gross pledges receivable	129,500	56,050
Less current portion of pledges receivable	(79,500)	(6,050)
<b>Noncurrent Portion of Pledges Receivable</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>

## PACIFIC SCIENCE CENTER FOUNDATION

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2024 and 2023

#### Note 3 - Investments

Investments consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Investments-		
Cash equivalents	\$ 115,236	\$ 152,346
Mutual funds - fixed income	4,130,234	5,100,489
Mutual funds - equities	<u>1,873,980</u>	<u>2,406,896</u>
Total investments	6,119,450	7,659,731
Endowment investments-		
Cash equivalents	29,329	7,212
Mutual funds - fixed income	648,066	626,738
Mutual funds - equities	1,602,192	1,427,699
Real estate ETF	<u>17,506</u>	<u>17,464</u>
Total endowment investments	<u>2,297,093</u>	<u>2,079,113</u>
<b>Total Investments</b>	<b><u>\$ 8,416,543</u></b>	<b><u>\$ 9,738,844</u></b>

#### Note 4 - Beneficial Interest in Trust

The Center is named the irrevocable remainder beneficiary of a charitable remainder unitrust that is administered by a third-party trustee. Under the terms of the trust agreement, two income beneficiaries are to receive a total annuity each year equal to a percentage of the net fair value of the trust assets as of the first day of the trust year. Upon the deaths of the beneficiaries, the remaining trust assets will be distributed to the Center. A noncurrent asset for the Center's beneficial interest in this charitable remainder unitrust of \$3,303,535 and \$2,938,587 at June 30, 2024 and 2023, respectively, has been recognized at net present value. Change in the value of the trust has been reported in the consolidated statements of changes in net assets as an increase in net assets with donor restrictions of \$364,948 and \$269,060 for the years ended June 30, 2024 and 2023, respectively.

#### Note 5 - Fair Value Measurements

U.S. GAAP defines fair value and establishes a framework for measuring fair value. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Assets and liabilities using Level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

## PACIFIC SCIENCE CENTER FOUNDATION

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 5 - Continued

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used as of June 30, 2024 and 2023.

Mutual Funds and Exchange Traded Funds (ETFs) - Valued at quoted market prices in active markets.

The fair value of assets measured on a recurring basis consist of investments of \$8,416,543 and \$9,738,844 at June 30, 2024 and 2023, respectively. Fair value is determined using Level 1 inputs.

#### Note 6 - Land, Building and Equipment

Land, building and equipment at June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 49,669,153	\$ 49,732,331
Land	2,830,000	2,830,000
Furniture, equipment and vehicles	4,502,357	5,230,183
Construction in progress	<u>688,890</u>	<u>207,555</u>
	57,690,400	58,000,069
Accumulated depreciation	<u>(35,816,801)</u>	<u>(35,274,063)</u>
<b>Total Land, Building and Equipment</b>	<b><u>\$ 21,873,599</u></b>	<b><u>\$ 22,726,006</u></b>

The Center's Seattle campus is designated as a City of Seattle landmark. As a result of this designation, changes to the exterior of the Center's facility and certain parts of the facility's interior, must be approved by the City of Seattle's Landmarks Preservation Board.

#### Note 7 - Debt

**King County Loan and Washington State Sales Tax Support** - The Center was notified in 2019 that it would be the beneficiary of funding from the State of Washington (the State) associated with certain inflows to the State from sales and use taxes. The State Department of Revenue projected total funding to be \$17.8 million. The funding is scheduled for 2021 through 2030 and is recorded as revenue by the Center in the periods each payment is received. In connection with this funding, on December 15, 2020, King County (the County) signed a loan agreement with the Center for \$11,600,000, which is to be repaid from the scheduled funding payments from the State. Repayments to the County will be at the rate of \$1,450,000 annually through December 2030. The loan is due in full if the Center receives a lump sum of expected funding from the State. Interest is calculated using the 12-month average King County Investment Pool's Monthly Gross Earnings Rate for the 12 months prior to the date of the payment (3.95% at June 30, 2024). During the year ended June 30, 2024, the Center recognized \$2,356,875 in sales and use tax support revenue including interest of \$132,894 and received \$652,188 in cash after deducting the \$1,450,000 annual payment and accrued interest of \$254,687.

## PACIFIC SCIENCE CENTER FOUNDATION

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 7 - Continued

During the year ended June 30, 2023, the Center recognized \$2,278,228 in sales and use tax support revenue including interest of \$62,177 and received \$728,528 in cash after deducting the \$1,450,000 annual payment and accrued interest of \$99,700.

Upon receiving each deferred tax payment, the County shall credit the Center within 30 days for its annual principal and interest payment and remit the balance to the Center. Deferred tax payments are subject to the following schedule:

For the Year Ending June 30,

2025	\$ 1,450,000
2026	1,450,000
2027	1,450,000
2028	1,450,000
2029	<u>1,450,000</u>
	<u><u>\$ 7,250,000</u></u>

#### Note 8 - Trademark License Obligations

The Center operates two IMAX theaters, the Boeing IMAX Theater (Boeing) and the PACCAR IMAX Theater (PACCAR). Equipment for the theaters was acquired from IMAX Corporation. The Center has agreements with IMAX Corporation for licenses to use the IMAX trademark for each theater. The agreement for Boeing expires in 2027 and the agreement for PACCAR expires in 2025, with the option for three further one-year renewals.

Under the terms of the agreements, the Center must have the trademark licenses to operate the IMAX theater system equipment. The agreements require the Center to pay annual royalty fees for the license equal to the greater of a percentage of net theater admissions or a minimum base amount of \$75,000 for Boeing and \$20,000 for PACCAR. A liability totaling \$220,058 and \$299,253 at June 30, 2024 and 2023, respectively, has been recorded for the minimum base trademark license payments through the end of the terms of the agreements.

The agreements also require the Center to make annual maintenance payments of \$75,000 for Boeing and \$35,000 for PACCAR. Annual maintenance payments are expensed as incurred on the consolidated statements of activities.

#### Note 9 - Employee Benefit Plans

The Center has agreements with certain former employees to purchase life insurance for the employees. Under the arrangements, the Center paid the premiums of the life insurance and, upon the employees' deaths, will receive repayment of all premiums paid. These expected repayments are recorded as a noninterest bearing receivable totaling \$1,563,566 and \$1,522,855, net of a discount of \$975,211 and \$1,015,922 and are included in long-term receivables on the consolidated statements of financial position at June 30, 2024 and 2023, respectively. The receivables are secured by the respective insurance policies, are due upon the individuals' deaths and are discounted at 5% over the expected lives of the individuals.



## PACIFIC SCIENCE CENTER FOUNDATION

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 9 - Continued

The Center's employees are eligible to participate in a tax-deferred salary plan under Section 403(b) of the Internal Revenue Code. Employees may elect to defer a portion of their salary under this plan and are immediately vested in such deferrals. The Center provides a discretionary employer match. The Center did not match employee contributions during the years ended June 30, 2024 and 2023.

#### Note 10 - Commitments and Contingencies

The Center's performance under grants and contracts with federal agencies and other grantors is subject to audit by those entities. If it is determined that the Center's performance under any of these grants and contracts was not in accordance with such agreements, the granting entities may require refunds of a portion or all of such amounts. As of June 30, 2024 and 2023, the Center's management knew of no such determinations and believes it has complied with all grants and contracts.

#### Note 11 - Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Subject to the passage of time or expenditure for specified purposes-		
Program restricted grants	\$ 441,779	\$ 958,220
Time restricted grants	50,002	96,265
Beneficial interest in trust	<u>3,303,535</u>	<u>2,938,587</u>
	3,795,316	3,993,072
Endowment funds-		
Original gifts to endowment:		
Income to support science education and leadership training	1,634,542	1,624,542
Income to support repair and maintenance of fixed assets	576,327	576,327
Unappropriated endowment earnings	<u>86,224</u>	<u>(113,090)</u>
	<u>2,297,093</u>	<u>2,087,779</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 6,092,409</u></b>	<b><u>\$ 6,080,851</u></b>

#### Note 12 - Endowment Funds

The Center's endowment consists of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**PACIFIC SCIENCE CENTER FOUNDATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023**

**Note 12 - Continued**

**Interpretation of Relevant Law** - The Board of Directors of the Center has interpreted the Washington Prudent Management of Institutional Funds Act (PMIFA) as making it advisable for the Center to track 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 Center considers the value of a fund to be deficient if the fair value of the fund is less than the sum of (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.

The remaining portion of the donor-restricted endowment fund is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by PMIFA. In accordance with PMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund, the purposes of the Center and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Center and the investment policies of the Center.

**Endowment Fund Activity** - Changes to endowment funds by net asset category for the years ended June 30, 2024 and 2023, were as follows:

	<u>Net Assets With Donor Restrictions</u>		<u>Total</u>
	<u>Endowment Corpus</u>	<u>Accumulated Earnings</u>	
Endowment funds, June 30, 2022	\$ 2,200,869	\$ (249,244)	\$ 1,951,625
Endowment investment return		222,438	222,438
Appropriation of earnings		(86,284)	(86,284)
<b>Endowment Funds, June 30, 2023</b>	<b>2,200,869</b>	<b>(113,090)</b>	<b>2,087,779</b>
Contributions	10,000		10,000
Endowment investment return		282,839	282,839
Appropriation of earnings		(83,525)	(83,525)
<b>Endowment Funds, June 30, 2024</b>	<b><u>\$ 2,210,869</u></b>	<b><u>\$ 86,224</u></b>	<b><u>\$ 2,297,093</u></b>

**Funds With Deficiencies** - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or PMIFA requires the Center to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2024. The Center's donor-restricted endowment funds had an original gift value of \$2,200,869, fair value of \$2,079,113 and a deficiency of \$121,756 as of June 30, 2023.

## PACIFIC SCIENCE CENTER FOUNDATION

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 12 - Continued

**Return Objectives and Risk Parameters** - The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that results in a reasonable "real" rate of return, consistent with risk levels established by the Investment Committee. The minimum target Total Return over a full market cycle (3 to 7 years) is that which equals or exceeds the assumed spending rate plus the rate of inflation as measured by the national Consumer Price Index. The endowment fund should also be invested to minimize the likelihood of low or negative total returns, defined as a one year nominal return no worse than negative 10%. The endowment fund should experience risk, as measured by volatility and variability of return, consistent with that of a custom index designed to match the asset allocation strategy then in effect.

**Strategies Employed for Achieving Objectives** - To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy** - The Center has a policy of appropriating for distribution each year up to 4% of the average principal balance of the endowment fund for the prior three years and may be used for any portion of its annual budget including operating or capital. For purposes of these guidelines, the principal balance of the funds is defined as its fair market value. The Board may, by two-thirds majority vote, exceed the spending policy guidelines to the extent of accumulated earnings.

#### Note 13 - Liquidity and Availability of Financial Assets

As part of the Center's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Center's working capital and cash flows have seasonal variations during the year attributable primarily to changes in attendance and the timing of grant funding.

## PACIFIC SCIENCE CENTER FOUNDATION

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2024 and 2023

#### Note 13 - Continued

The following reflects the Center's financial assets as of the date of the consolidated statements of financial position, reduced by amounts not available for general use within one year of the date of the consolidated statements of financial position because of the timing of scheduled collections or donor-imposed restrictions.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,517,412	\$ 4,786,188
Accounts receivable, net	237,390	108,678
Pledges receivable, net	129,500	56,050
Grants receivable	222,892	43,825
Investments	8,416,543	9,738,844
Split life insurance receivable, net	1,563,566	1,522,855
Beneficial interest in trust	<u>3,303,535</u>	<u>2,938,587</u>
Total financial assets	15,390,838	19,195,027
Reductions for amounts not available to meet cash needs for general expenditures within on year-		
Receivables scheduled to be collected in more than one year:		
Pledges receivable	(50,000)	(50,000)
Long-term receivables	(1,563,566)	(1,522,855)
Beneficial interest in trust	(3,303,535)	(2,938,587)
Donor-imposed restrictions:		
Program restricted grants	(441,779)	(958,220)
Investments held for endowment funds	<u>(2,297,093)</u>	<u>(2,087,779)</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u>\$ 7,734,865</u></b>	<b><u>\$ 11,637,586</u></b>

#### Note 14 - Related Parties

On September 29, 2021, the Center entered into a one-year lease agreement with a related party commencing October 1, 2021. Under the agreement, the Center has provided space to the lessee in exchange for promotion and advertising services. The Center extended the lease for an additional year commencing October 15, 2022 and then extended the lease for an additional 6 months commencing October 15, 2023. The lease ended April 15, 2024.

The value of the lease for the first 12-month extension was determined by an outside appraiser to be \$251,475, \$186,475 of which was paid with in-kind promotional support and the other \$65,000 was paid in cash. The value of the additional 6-month extension was determined by an outside appraiser to be valued at \$125,738, \$93,238 of which was paid with in-kind promotional support and \$32,500 of which was paid in cash.