

PACIFIC SCIENCE CENTER FOUNDATION

Consolidated Financial Statements

For the Years Ended June 30, 2025 and 2024

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Pacific Science Center Foundation (the Center), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, 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, 2025 and 2024, 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
March 26, 2026

PACIFIC SCIENCE CENTER FOUNDATION

**Consolidated Statements of Financial Position
June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,064,859	\$ 1,517,412
Investments	1,376,075	6,119,450
Accounts receivable, net	261,097	237,390
Pledges receivable, net	164,115	79,500
Grants receivable	135,140	222,892
Prepaid expenses and other current assets	264,593	364,353
Assets held for sale	9,592,440	
Total Current Assets	14,858,319	8,540,997
Long-term pledges receivable, net	7,500	50,000
Split life insurance receivable, net	1,603,546	1,563,566
Beneficial interest in trust	3,535,137	3,303,535
Endowment investments	2,239,271	2,297,093
Trademark licenses	145,589	220,058
Land, building, and equipment, net	9,901,431	21,873,599
Total Assets	\$ 32,290,793	\$ 37,848,848
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 801,721	\$ 1,451,476
Accrued expenses	1,666,117	1,549,535
Deferred revenue	2,734,921	2,747,832
Current portion of long-term debt	1,463,042	1,450,000
Current portion of trademark license obligations	78,775	84,253
Total Current Liabilities	6,744,576	7,283,096
Long-term debt, net of current portion	4,350,000	5,800,000
Trademark license obligations, net of current portion	66,814	135,805
Total Liabilities	11,161,390	13,218,901
Net Assets:		
Without donor restrictions	13,649,010	18,537,538
With donor restrictions	7,480,393	6,092,409
Total Net Assets	21,129,403	24,629,947
Total Liabilities and Net Assets	\$ 32,290,793	\$ 37,848,848

See accompanying notes.

PACIFIC SCIENCE CENTER FOUNDATION

**Consolidated Statement of Activities
For the Year Ended June 30, 2025**

	Without Restrictions	With Donor Restrictions	2025 Total
Earned Revenue:			
Camps	\$ 2,252,452	\$ -	\$ 2,252,452
Theater ticket sales and concessions	2,598,247		2,598,247
General admissions	4,433,633		4,433,633
Education and outreach programs	207,141		207,141
Memberships	1,153,044		1,153,044
Venue experiences revenue	518,338		518,338
Earned ancillary revenue	515,311		515,311
Total Earned Revenue	11,678,166		11,678,166
Contribution Support:			
Pledges, contributions, and grants	3,892,987	2,043,136	5,936,123
Washington State sales and use tax support	2,498,235		2,498,235
Donated goods and services	34,908		34,908
Contributions released from restriction	893,302	(893,302)	
Total Contribution Support	7,319,432	1,149,834	8,469,266
Total Operating Revenue and Support	18,997,598	1,149,834	20,147,432
Operating Expenses:			
Science education and exhibits	14,553,215		14,553,215
Development	1,991,620		1,991,620
Administration	4,110,917		4,110,917
Total Operating Expenses	20,655,752		20,655,752
Total Operating Income	(1,658,154)	1,149,834	(508,320)
Gains, Losses, Depreciation, and Financing Costs:			
Investment return, net	303,432	6,548	309,980
Change in value of beneficial interest in trust		231,602	231,602
Loss on disposal of assets	(1,110,391)		(1,110,391)
Depreciation expense	(2,098,203)		(2,098,203)
Interest expense	(325,212)		(325,212)
Total Gains, Losses, Depreciation, and Financing Costs	(3,230,374)	238,150	(2,992,224)
Change in Net Assets	(4,888,528)	1,387,984	(3,500,544)
Net assets, beginning of year	18,537,538	6,092,409	24,629,947
Net Assets, End of Year	\$ 13,649,010	\$ 7,480,393	\$ 21,129,403

See accompanying notes.

PACIFIC SCIENCE CENTER FOUNDATION

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

	Without Restrictions	With Donor Restrictions	2024
Earned Revenue:			
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
Total Earned Revenue	11,709,053		11,709,053
Contribution Support:			
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)	
Total Contribution Support	8,064,155	(636,229)	7,427,926
Total Operating Revenue and Support	19,773,208	(636,229)	19,136,979
Operating Expenses:			
Science education and exhibits	16,229,806		16,229,806
Development	1,708,734		1,708,734
Administration	4,094,016		4,094,016
Total Operating Expenses	22,032,556		22,032,556
Total Operating Income	(2,259,348)	(636,229)	(2,895,577)
Gains, Losses, Depreciation, and Financing Costs:			
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)
Total Gains, Losses, Depreciation, and Financing Costs	(1,999,455)	647,787	(1,351,668)
Change in Net Assets	(4,258,803)	11,558	(4,247,245)
Net assets, beginning of year	22,796,341	6,080,851	28,877,192
Net Assets, End of Year	\$ 18,537,538	\$ 6,092,409	\$ 24,629,947

See accompanying notes.

PACIFIC SCIENCE CENTER FOUNDATION

**Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2025**

	Science Education and Exhibits	Development	Administration	2025 Total
Operating Expenses:				
Personnel	\$ 9,496,845	\$ 1,564,889	\$ 2,798,749	\$ 13,860,483
Services	717,417	196,755	348,125	1,262,297
Occupancy	1,014,330	10,369	45,063	1,069,762
Licenses and royalty fees	850,778	350		851,128
Advertising	724,866	83,986		808,852
Supplies	580,406	11,615	41,534	633,555
Information technology	324,499	23,634	181,851	529,984
Other	66,379	44,890	315,015	426,284
Bank fees	243,163	28,920	42,237	314,320
Insurance	721		305,273	305,994
Cost of goods sold	211,997	619		212,616
Travel	173,890	6,194	27,726	207,810
Printing and copying	147,924	19,399	5,344	172,667
Total Operating Expenses	14,553,215	1,991,620	4,110,917	20,655,752
Nonoperating Expenses:				
Depreciation and amortization	1,894,468	46,160	157,575	2,098,203
Interest	236,337	29,107	59,768	325,212
Total Nonoperating Expenses	2,130,805	75,267	217,343	2,423,415
Total Expenses	\$ 16,684,020	\$ 2,066,887	\$ 4,328,260	\$ 23,079,167

See accompanying notes.

PACIFIC SCIENCE CENTER FOUNDATION

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

	Science Education and Exhibits	Development	Administration	2024 Total
Operating Expenses:				
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
Other	21,722	27,335	267,286	316,343
Bank fees	264,089	38,694	76,866	379,649
Insurance	192		284,369	284,561
Cost of goods sold	214,773	1,178		215,951
Travel	145,269	2,274	26,833	174,376
Printing and copying	205,959	10,958	6,000	222,917
Total Operating Expenses	16,229,806	1,708,734	4,094,016	22,032,556
Nonoperating Expenses:				
Depreciation	1,920,357	46,791	159,728	2,126,876
Interest	232,122	22,365	54,193	308,680
Total Nonoperating Expenses	2,152,479	69,156	213,921	2,435,556
Total Expenses	\$ 18,382,285	\$ 1,777,890	\$ 4,307,937	\$ 24,468,112

See accompanying notes.

PACIFIC SCIENCE CENTER FOUNDATION

**Consolidated Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (3,500,544)	\$ (4,247,245)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities-		
Loss on disposal of fixed assets	1,110,391	132,153
Depreciation and amortization	2,098,203	2,126,876
Contributions restricted to endowment	(20,000)	(10,000)
Change in value of beneficial interest in trust	(231,602)	(364,948)
Unrealized and realized gains on investments	(125,192)	(564,811)
Changes in assets and liabilities:		
Accounts receivable	(23,707)	(128,712)
Pledges and grants, and split life insurance receivable	5,657	(293,228)
Prepaid expenses and other assets	99,760	165,300
Accounts payable and accrued expenses	(53,940)	76,482
Deferred revenue	(12,911)	238,525
Net Cash Used in Operating Activities	(653,885)	(2,869,608)
Cash Flows From Investing Activities:		
Proceeds from sale of fixed assets		7,000
Purchase of building improvements and equipment	(1,208,433)	(742,570)
Purchase of investments	(1,205,264)	(256,140)
Proceeds from sales of investments	6,131,653	2,143,252
Net Cash Provided by Investing Activities	3,717,956	1,151,542
Cash Flows From Financing Activities:		
Repayments on long-term debt	(1,450,000)	(1,450,000)
Repayments on fixed asset financing	(2,371)	
Payments on trademark liabilities	(84,253)	(110,710)
Proceeds from contributions restricted to endowment	20,000	10,000
Net Cash Used in Financing Activities	(1,516,624)	(1,550,710)
Net Change in Cash and Cash Equivalents	1,547,447	(3,268,776)
Cash and cash equivalents, beginning of year	1,517,412	4,786,188
Cash and Cash Equivalents, End of Year	\$ 3,064,859	\$ 1,517,412
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 323,031	\$ 268,961
Equipment acquired with short-term financing	\$ 15,413	\$ -
Building and equipment purchases included in accounts payable	\$ 81,109	\$ 560,342

See accompanying notes.

PACIFIC SCIENCE CENTER FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended June 30, 2025 and 2024

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") 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.

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.

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.

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, 2025 and 2024

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. Conditional grants and contributions outstanding totaled \$3,644,730 and \$838,824 at June 30, 2025 and 2024, respectively.

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 ten to 40 years for buildings and improvements, five years for vehicles, and three to ten 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 of \$34,908 and \$15,941 for the years ended June 30, 2025 and 2024, respectively.

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.

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.

PACIFIC SCIENCE CENTER FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended June 30, 2025 and 2024

Note 1 - Continued

Advertising - The Center expenses advertising as incurred. Advertising and marketing expenses totaled \$808,852 and \$1,056,179 for the years ended June 30, 2025 and 2024, respectively.

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.

Nonoperating Versus Operating - For the purpose of the changes in net assets on the consolidated statement of activities, the Center considers the gain or loss on sale or disposition of fixed assets, investment returns, change in value of beneficial interest in trust, depreciation, and interest expense to be nonoperating activities.

Subsequent Events - The Center has evaluated subsequent events through March 26, 2026, the date on which the financial statements were available to be issued.

Subsequent to June 30, 2025, the Center entered into construction contract commitments totaling up to \$2,110,000. These commitments relate to ongoing capital projects and are expected to be fulfilled in accordance with the terms of the respective agreements.

PACIFIC SCIENCE CENTER FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024**

Note 2 - Pledges Receivable

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

	<u>2025</u>	<u>2024</u>
Due in less than one year	\$ 164,115	\$ 79,500
Due in one to five years	<u>7,500</u>	<u>50,000</u>
Gross pledges receivable	171,615	129,500
Less current portion of pledges receivable	<u>(164,115)</u>	<u>(79,500)</u>
Noncurrent Portion of Pledges Receivable	<u>\$ 7,500</u>	<u>\$ 50,000</u>

Note 3 - Investments

Investments consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Investments-		
Cash equivalents	\$ 5,602	\$ 115,236
Mutual funds - fixed income	241,212	4,130,234
Mutual funds - equities	<u>120,379</u>	<u>1,873,980</u>
Total investments	367,193	6,119,450
Endowment investments-		
Cash equivalents	1,670,437	29,329
Mutual funds - fixed income	568,834	648,066
Mutual funds - equities		1,602,192
Real estate ETF		<u>17,506</u>
Total endowment investments	2,239,271	2,297,093
Equity securities in transit	<u>1,008,882</u>	
Total Investments	<u>\$ 3,615,346</u>	<u>\$ 8,416,543</u>

PACIFIC SCIENCE CENTER FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended June 30, 2025 and 2024

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 \$3,535,137 and \$3,303,535 at June 30, 2025 and 2024, 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 activities as an increase in net assets with donor restrictions of \$231,602 and \$364,948 for the years ended June 30, 2025 and 2024, 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.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2025 and 2024.

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

The fair value of assets measured on a recurring basis consist of investments of \$3,615,346 and \$8,416,543 at June 30, 2025 and 2024, respectively. Fair value is determined using Level 1 inputs.

PACIFIC SCIENCE CENTER FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended June 30, 2025 and 2024

Note 6 - Land, Building, and Equipment

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

	<u>2025</u>	<u>2024</u>
Building and improvements	\$ 24,687,117	\$ 49,669,153
Land	2,202,680	2,830,000
Furniture, equipment, and vehicles	4,494,670	4,502,357
Construction in progress	<u>118,975</u>	<u>688,890</u>
	31,503,442	57,690,400
Accumulated depreciation	<u>(21,602,011)</u>	<u>(35,816,801)</u>
Total Land, Building, and Equipment	<u><u>\$ 9,901,431</u></u>	<u><u>\$ 21,873,599</u></u>

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.

As of June 30, 2025, the Center has classified certain assets as held for sale, which primarily consisted of land, buildings, and related building improvements. Assets are measured at the lower of their carrying amount or fair value less costs to sell. No impairment loss was recognized for the year ended June 30, 2025. Depreciation on these assets has ceased as of the reclassification date.

Subsequent to year end, in July 2025, the Center entered into a purchase and sale agreement for the assets held for sale at year end, with a selling price of \$17.25 million. The sale closed in March 2026. A gain on sale of the property of approximately \$7.66 million will be recognized as revenue during the year ended June 30, 2026.

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 (4.47% at June 30, 2025). During the year ended June 30, 2025, the Center recognized \$2,498,235 in sales and use tax support revenue and received \$736,149 in cash after deducting the \$1,450,000 annual payment and accrued interest of \$312,086.

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, 2025 and 2024**

Note 7 - Continued

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,

2026	\$ 1,450,000
2027	1,450,000
2028	1,450,000
2029	1,450,000
	<u> </u>
	<u><u>\$ 5,800,000</u></u>

Subsequent to June 30, 2025, in September 2025, the Center signed a loan amendment to increase the principal amount by an additional \$2,400,000, all other terms and conditions were unchanged.

North Star Leasing - During the year ended June 30, 2025, the Center entered into an equipment financing agreement with North Star Leasing to finance the acquisition of specific equipment from a designated supplier. The principal amount of \$15,413 carries an interest rate of 0.60%. Payment terms require monthly payments of \$1,285, with two advance payments due upon execution. This agreement matures on June 21, 2026. As of June 30, 2025, the outstanding balance under this agreement was \$13,042.

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 June 2026. The Boeing IMAX Theater was included in the property that was sold subsequent to year end (Note 6). As part of the purchase and sale agreement, the buyer assumed the remaining term of the Boeing agreement, effective February 1, 2026.

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 \$145,589 and \$220,058 at June 30, 2025 and 2024, 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.

PACIFIC SCIENCE CENTER FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended June 30, 2025 and 2024

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 \$1,603,546 and \$1,563,566, net of a discount of \$935,231 and \$975,211, and are included in long-term receivables on the consolidated statements of financial position at June 30, 2025 and 2024, 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.

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, 2025 and 2024.

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, 2025 and 2024, 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>2025</u>	<u>2024</u>
Subject to the passage of time or expenditure for specified purposes-		
Program restricted grants	\$ 672,099	\$ 441,779
Time restricted grants	1,033,886	50,002
Beneficial interest in trust	<u>3,535,137</u>	<u>3,303,535</u>
	5,241,122	3,795,316
Endowment funds-		
Original gifts to endowment:		
Income to support science education and leadership training	1,654,542	1,634,542
Income to support repair and maintenance of fixed assets	576,327	576,327
Unappropriated endowment earnings	<u>8,402</u>	<u>86,224</u>
	<u>2,239,271</u>	<u>2,297,093</u>
Total Net Assets With Donor Restrictions	<u>\$ 7,480,393</u>	<u>\$ 6,092,409</u>

PACIFIC SCIENCE CENTER FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024**

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.

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 for the years ended June 30, 2025 and 2024 were as follows:

	Net Assets With Donor Restrictions		Total
	Endowment Corpus	Accumulated Earnings	
Endowment funds, June 30, 2023	\$ 2,200,869	\$ (113,090)	\$ 2,087,779
Contributions	10,000		10,000
Endowment investment return		282,839	282,839
Appropriation of earnings		(83,525)	(83,525)
Endowment Funds, June 30, 2024	2,210,869	86,224	2,297,093
Contributions	20,000		20,000
Endowment investment return		6,548	6,548
Appropriation of earnings		(84,370)	(84,370)
Endowment Funds, June 30, 2025	<u>\$ 2,230,869</u>	<u>\$ 8,402</u>	<u>\$ 2,239,271</u>

PACIFIC SCIENCE CENTER FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended June 30, 2025 and 2024

Note 12 - Continued

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. Deficiencies of this nature existed in one of the Center's donor-restricted endowment funds, which has an original gift value of \$1,654,542, a current fair value of \$1,603,931, and a deficiency of \$50,611 as of June 30, 2025. There were no such deficiencies at June 30, 2024.

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 (three to seven 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.

In January 2025, the board approved the use of the endowment corpus if determined necessary for the survival of the Center, as allowed by the Center's Endowment Policy. To ensure the Center can access these funds if needed, the endowment assets can be re-allocated between cash and short-term fixed income securities. No loans were taken against the endowment during the year ended June 30, 2025.

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, 2025 and 2024**

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>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,064,859	\$ 1,517,412
Accounts receivable, net	261,097	237,390
Pledges receivable, net	171,615	129,500
Grants receivable	135,140	222,892
Investments	3,615,346	8,416,543
Split life insurance receivable, net	1,603,546	1,563,566
Beneficial interest in trust	<u>3,535,137</u>	<u>3,303,535</u>
 Total financial assets	 12,386,740	 15,390,838
 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	(7,500)	(50,000)
Long-term receivables	(1,603,546)	(1,563,566)
Beneficial interest in trust	(3,535,137)	(3,303,535)
Donor-imposed restrictions:		
Program restricted grants	(672,099)	(441,779)
Investments held for endowment funds	<u>(2,239,271)</u>	<u>(2,297,093)</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u>\$ 4,329,187</u>	 <u>\$ 7,734,865</u>

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 six months commencing October 15, 2023. The lease ended April 15, 2024.

During the year ended June 30, 2025, the Center received a contribution of \$1,008,881 from a member of the Board of Directors. The contribution was made in the form of securities, without any conditions, and is restricted for use in the year ended June 30, 2026.