GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Portland Art Museum

Consolidated Financial Statements and Other Information as of and for the Years Ended June 30, 2026 and 2025, and Report of Independent Auditors

PORTLAND ART MUSEUM

TABLE OF CONTENTS

	Page
Report of the Treasurer	3
Report of Independent Auditors	5
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	7
Consolidated Statements of Activities	8
Consolidated Statements of Functional Expenses	9
Consolidated Statements of Cash Flows	11
Notes to Consolidated Financial Statements	13
Other Information:	
Governing Board and Management	30
Inquiries and Other Information	32

Report of the Treasurer

The consolidated financial statements and other information contained in this report have been prepared by management, which is responsible for the information's integrity and objectivity. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and are deemed to present fairly the financial position of the PORTLAND ART MUSEUM and the changes in its net assets and cash flows. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions, with due consideration given to materiality.

As a means of fulfilling its responsibility for the integrity of financial information included in this report, management relies on a system of internal controls established to ensure, within reasonable limits, that assets are safeguarded against loss or unauthorized use, that transactions are properly recorded and executed in accordance with management's authorization, and that the accounting records can be relied upon to prepare financial statements in accordance with generally accepted accounting principles. This system is augmented by careful selection and training of qualified personnel and the dissemination of written policies and procedures.

The consolidated financial statements have been examined by the Museum's independent auditors, GARY MCGEE & CO. LLP, whose report follows. Their examinations were made in accordance with generally accepted auditing standards. The Audit Committee of the Board of Trustees periodically meets with management and the independent accountants to review accounting, auditing, internal accounting controls, and financial reporting matters, and to ensure that all responsibilities are fulfilled with regard to the objectivity and integrity of the Museum's consolidated financial statements. The Audit Committee of the Board of Trustees also reviews the scope and results of the Museum's audit, and current and emerging accounting and financial requirements and practices affecting the Museum.

Jin Park
Treasurer, Board of Trustees
Portland Art Museum

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
Portland Art Museum:

Opinion

We have audited the accompanying consolidated financial statements of the Portland Art Museum, which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Portland Art Museum as of June 30, 2026 and 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Portland Art Museum 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States, 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Museum'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum'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.



October 12, 2026

PORTLAND ART MUSEUM

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2026 AND 2025

		2026	2025
Assets:			
Cash and cash equivalents	$	4,070,345	5,755,647
Restricted cash *(note 10)*		4,909,459	5,826,738
Short-term investments		2,592,733	2,043,550
Accounts receivable		105,368	146,677
Contributions receivable *(note 3)*		10,791,876	14,401,989
Inventories and prepayments *(note 4)*		798,581	797,678
Investments *(note 5)*		96,569,363	84,644,307
Split-interest agreements *(note 6)*		1,996,598	1,804,813
Real estate investments, at cost *(note 16)*		4,837,854	4,837,854
Right-of-use assets - operating leases		4,930,535	5,302,892
Property and equipment *(notes 7 and 10)*		137,829,366	132,935,492
Museum collections *(note 8)*			
Total assets	$	269,432,078	258,497,637
Liabilities:			
Accounts payable and accrued expenses		1,154,826	945,046
Construction payable		–	7,116,679
Accrued payroll and related expenses		1,518,414	1,824,988
Deferred revenues *(note 9)*		1,883,525	1,316,397
Note payable *(note 10)*		18,711,820	12,068,893
Lease obligations - operating leases *(note 17)*		5,085,387	5,454,230
Other liabilities		187,049	177,628
Total liabilities		28,541,021	28,903,861
Net assets:			
Without donor restrictions:			
Available for programs and general operations		1,955,856	3,107,545
Allocated for debt service (*note 10*)		15,895,922	–
Designated by the Board of Trustees *(note 11)*		9,567,035	8,894,623
Net investment in capital assets and real estate investments		123,687,900	48,068,548
Total net assets without donor restrictions		151,106,713	60,070,716
With donor restrictions *(note 12)*		89,784,344	169,523,060
Total net assets		240,891,057	229,593,776
Commitments and contingencies *(notes 3, 10, 17, 18, 20, and 21)*			
Total liabilities and net assets	$	269,432,078	258,497,637

See accompanying notes to consolidated financial statements.

PORTLAND ART MUSEUM

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2026 AND 2025

	2026			2025		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support:						
Contributions and grants	$ 2,943,644	15,303,446	18,247,090	3,451,917	17,561,685	21,013,602
Memberships	3,991,934	–	3,991,934	3,409,723	–	3,409,723
In-kind contributions *(note 14)*	561,863	18,460	580,323	138,626	665,354	803,980
Financial support received from volunteer groups	79,015	–	79,015	113,037	–	113,037
Admissions	3,377,615	–	3,377,615	2,585,385	–	2,585,385
Museum store sales	964,911	–	964,911	990,912	–	990,912
Rental income	2,383,655	–	2,383,655	2,303,598	–	2,303,598
Rental Sales Gallery	430,080	–	430,080	353,068	–	353,068
Total investment return *(note 5)*	1,789,751	12,675,644	14,465,395	1,322,551	7,883,657	9,206,208
Other revenues and gains	623,469	8,796	632,265	404,852	553	405,405
Total revenues and gains	17,145,937	28,006,346	45,152,283	15,073,669	26,111,249	41,184,918
Net assets released from restrictions *(note 12)*:						
Capital assets placed in service	95,132,419	(95,132,419)	–	–	–	–
For operating purposes	12,612,643	(12,612,643)	–	13,917,970	(13,917,970)	–
Total revenues, gains and other support	124,890,999	(79,738,716)	45,152,283	28,991,639	12,193,279	41,184,918
Expenses:						
Program activities:						
Acquisition of art *(note 8)*	897,974	–	897,974	1,559,668	–	1,559,668
Museum programs	21,201,312	–	21,201,312	14,794,047	–	14,794,047
PAM CUT programs	3,699,253	–	3,699,253	3,205,698	–	3,205,698
Venice Biennale	294,704	–	294,704	2,792,513	–	2,792,513
Total program activities	26,093,243	–	26,093,243	22,351,926	–	22,351,926
Supporting activities:						
Management and general	3,958,121	–	3,958,121	3,234,545	–	3,234,545
Membership and development	3,803,638	–	3,803,638	4,279,583	–	4,279,583
Total supporting activities	7,761,759	–	7,761,759	7,514,128	–	7,514,128
Total expenses	33,855,002	–	33,855,002	29,866,054	–	29,866,054
Net change in net assets	91,035,997	(79,738,716)	11,297,281	(874,415)	12,193,279	11,318,864
Net assets at beginning of year	60,070,716	169,523,060	229,593,776	60,945,131	157,329,781	218,274,912
Net assets at end of year	$ 151,106,713	89,784,344	240,891,057	60,070,716	169,523,060	229,593,776

See accompanying notes to consolidated financial statements.

PORTLAND ART MUSEUM

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2026

	Program services					Supporting services		
	Acquisition of art	Museum programs	PAM CUT	Venice Biennale	Subtotal	Management and general	Membership and development	Total
Salaries and related costs	$ –	9,968,971	1,340,777	14,222	11,323,970	2,437,683	2,346,621	16,108,274
Services and professional fees	–	1,236,990	780,783	180,148	2,197,921	649,132	631,757	3,478,810
Exhibition installation	–	851,562	212,577	14,482	1,078,621	–	–	1,078,621
Acquisition of art	897,974	–	–	–	897,974	–	–	897,974
Occupancy	–	1,517,410	418,327	–	1,935,737	278,158	26,224	2,240,119
Merchandise	–	487,964	133,663	–	621,627	–	–	621,627
Travel and events	–	720,684	140,482	64,615	925,781	40,429	369,350	1,335,560
Printing, publications, and advertising	–	569,368	204,514	10,053	783,935	37,347	108,269	929,551
Equipment and supplies	–	806,904	128,080	5,454	940,438	143,034	45,342	1,128,814
Merchant and bank fees	–	154,119	56,209	–	210,328	278,895	121,004	610,227
Depreciation and amortization	–	3,217,782	123,761	–	3,341,543	701,312	82,507	4,125,362
Interest expense	–	786,498	30,250	–	816,748	171,416	20,167	1,008,331
Other	–	61,882	129,830	5,730	197,442	41,893	52,397	291,732
Total expenses before allocation of exhibition overhead costs	897,974	20,380,134	3,699,253	294,704	25,272,065	4,779,299	3,803,638	33,855,002
Allocation of exhibition overhead costs	–	821,178	–	–	821,178	(821,178)	–	–
Total expenses	$ 897,974	21,201,312	3,699,253	294,704	26,093,243	3,958,121	3,803,638	33,855,002

See accompanying notes to consolidated financial statements.

PORTLAND ART MUSEUM

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED

YEAR ENDED JUNE 30, 2025

	Program services					Supporting services		
	Acquisition of art	Museum programs	PAM CUT	Venice Biennale	Subtotal	Management and general	Membership and development	Total
Salaries and related costs	$ –	8,337,654	1,160,741	20,000	9,518,395	2,277,177	2,519,623	14,315,195
Services and professional fees	–	862,260	488,258	1,896,470	3,246,988	302,616	1,145,795	4,695,399
Exhibition installation	–	771,099	150,527	67,284	988,910	–	–	988,910
Acquisition of art	1,559,668	–	–	–	1,559,668	–	–	1,559,668
Occupancy	–	1,275,559	431,573	–	1,707,132	331,426	14,089	2,052,647
Merchandise	–	498,397	27,118	–	525,515	–	–	525,515
Travel and events	–	313,071	292,357	567,691	1,173,119	24,492	201,934	1,399,545
Printing, publications, and advertising	–	361,408	178,307	63,616	603,331	37,443	202,092	842,866
Equipment and supplies	–	490,841	66,174	162,005	719,020	106,804	45,406	871,230
Merchant and bank fees	–	174,843	45,280	10,680	230,803	146,845	43,925	421,573
Depreciation and amortization	–	1,283,311	93,995	–	1,377,306	413,971	21,345	1,812,622
Other	–	19,192	271,368	4,767	295,327	183	85,374	380,884
Total expenses before allocation of exhibition overhead costs	1,559,668	14,387,635	3,205,698	2,792,513	21,945,514	3,640,957	4,279,583	29,866,054
Allocation of exhibition overhead costs	–	406,412	–	–	406,412	(406,412)	–	–
Total expenses	$ 1,559,668	14,794,047	3,205,698	2,792,513	22,351,926	3,234,545	4,279,583	29,866,054

See accompanying notes to consolidated financial statements.

PORTLAND ART MUSEUM

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash flows from operating activities:		
Changes in net assets	$ 11,297,281	11,318,864
Adjustments to reconcile the changes in net assets to the net changes in cash from operating activities:		
Depreciation and amortization	4,125,362	1,812,622
Donated capital assets	(174,738)	–
Net change in the fair value of investments	(12,810,901)	(7,659,378)
Acquisition of art, net of proceeds from deaccession *(note 8)*	874,931	1,370,955
Proceeds from contributions restricted for long-term investment	(1,503,821)	(850,795)
Proceeds from contributions restricted for capital acquisition	(11,434,019)	(13,748,924)
Net change in split-interest agreements *(note 6)*	(191,785)	(57,574)
Amortization of right-of-use assets – operating leases	372,357	358,326
Amortization of debt issuance costs	40,144	26,992
Net changes in:		
Accounts receivable	41,309	41,911
Contributions receivable	3,610,113	3,177,780
Inventories and prepayments	(903)	(860)
Accounts payable and accrued expenses	209,780	(792,875)
Accrued payroll and related expenses	(306,574)	446,697
Deferred revenues	567,128	27,325
Lease obligation – operating leases	(368,843)	(347,742)
Other liabilities	9,421	26,949
Net change in cash from operating activities	(5,643,758)	(4,849,727)
Cash flows from investing activities:		
Proceeds from the sale of investments	19,375,482	45,729,156
Purchases of investments	(17,826,561)	(29,476,128)
Reinvestment of investment income	(1,212,259)	(1,173,556)
Acquisition of property and equipment (including capitalized interest of $145,125 in 2026 and $247,461 in 2025)	(15,961,177)	(33,740,867)
Acquisition of art *(note 8)*	(897,974)	(1,559,668)
Proceeds from the deaccession of work of art *(note 8)*	23,043	188,713
Net change in cash from investing activities	(16,499,446)	(20,032,350)
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term investment	1,503,821	850,795
Proceeds from contributions restricted for capital acquisition	11,434,019	13,748,924
Proceeds received from issuance of debt *(note 10)*	11,009,000	12,212,852
Debt repayments	(4,389,600)	–
Debt issuance costs (*note 10)*	(16,617)	(170,951)
Net change in cash from financing activities	19,540,623	26,641,620

Continued

PORTLAND ART MUSEUM

CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED

YEARS ENDED JUNE 30, 2026 AND 2025

		2026	2025
Net change in cash, cash equivalents, and restricted cash	$	(2,602,581)	1,759,543
Cash, cash equivalents, and restricted cash at beginning of year		11,582,385	9,822,842
Cash, cash equivalents, and restricted cash at end of year	$	8,979,804	11,582,385
Reconciliation to the consolidated statement of financial position:			
Cash and cash equivalents	$	4,070,345	5,755,647
Restricted cash		4,909,459	5,826,738
Cash, cash equivalents, and restricted cash	$	8,979,804	11,582,385
Supplemental disclosures of cash flow information:			
Change in construction payable	$	(7,116,679)	174,415
Cash paid for amounts included in the measurement of lease obligations:			
Operating cash flows from operating leases		(546,933)	(539,864)
Cash paid for interest		(972,827)	–

See accompanying notes to consolidated financial statements.

1. Organization

The Portland Art Museum ("the Museum") was incorporated as an educational, nonprofit organization in 1892. The mission of the Museum is to engage the public with art and film of enduring quality, to facilitate dialogue with diverse audiences, and to collect, preserve, and educate for the enrichment of present and future generations.

More than 55,500 works of art comprise the Museum's collections, including works of European painting and sculpture, American painting and sculpture, silver, Asian art, Native American art, Pre-Columbian art, Cameroon and other African art, contemporary art, sculpture, prints and drawings, photography, and film.

These financial statements present the operations of the Portland Art Museum and the Center for an Untold Tomorrow ("PAM CUT"), a regional media arts organization founded in 1971 with the mission of advancing film and video as a means of personal expression.

Through each component, the Museum presents the community with a diverse program of visual and media art education, exhibitions, collections, outreach, and artist service programs.

The Portland Art Museum and SITE Santa Fe, presented *Jeffrey Gibson: the space in which to place me* as the representative for the United States at the 60th Venice Biennale, on view April 20 through November 24, 2024. During the year ended June 30, 2026, the program extended beyond Venice through an ambitious Education Initiative with the goal of transforming how Native American art and cultures are taught in classrooms nationwide.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Museum are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying consolidated financial statements (collectively, "the financial statements") have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Principles of Consolidation – The accompanying financial statements include all accounts and activities of the Museum and R2464 Lots, LLC, a single-member limited liability company established in May 2019, for which the Museum serves as the sole member. All significant intercompany investments, accounts, and transactions between these entities have been eliminated.

Basis of Presentation – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Museum and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. The Museum's Board of Trustees has designated a portion of these net assets for particular purposes and objectives. See note 11.

- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Museum and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor.

  The balances also include net assets subject to donor-imposed stipulations that they be maintained permanently by the Museum (e.g. endowment funds). Donors of these assets also specify whether the Museum may use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as changes in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. In the opinion of management, such differences, if any, would not be significant.

Change in Accounting Estimate – During the year ended June 30, 2026, the Museum revised the estimated useful lives of certain capital assets. This change was made to more accurately capture and report what management believes is the true economic utility of its long-term investment in capital assets. This change has been accounted for as a change in accounting estimate in accordance with Accounting Standards Codification ("ASC") Topic 250, *Accounting Changes and Error Corrections*. The effect of the change was recognized prospectively beginning July 1, 2025, and accordingly, prior period information has not been restated.

As a result of this change in estimate, depreciation expense for the year ended June 30, 2026, decreased by approximately $236,000, and the change in net assets without donor restrictions increased by approximately $236,000.

Cash Equivalents – For purposes of the financial statements, the Museum considers all liquid investments having initial maturities of three months or less to be cash equivalents. Cash and cash equivalents held as part of the Museum's investment portfolio, and where management's intention is to use the cash to acquire investments or capital assets to be held long-term, are classified as investments.

Short-Term Investments – For purposes of the financial statements, the Museum considers all investments with initial maturities greater than three months, which are intended by management to be available to fund operations, to be short-term investments. Short-term investments are measured at fair value on a recurring basis using quoted prices for identical assets (i.e., Level 1 of the fair value hierarchy) and are comprised of corporate bonds and government notes.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the consolidated statement of financial position. Whenever available, quotations from organized securities exchanges are used as the basis for fair value.

For investments not traded on organized exchanges, fair value estimates are provided by investment managers. For applicable investments, manager-reported net asset value ("NAV") is used as a practical expedient to estimate fair value. Valuations provided by fund managers consider variables such as the financial performance and sales of underlying investments and other pertinent information. The Museum reviews valuations and assumptions provided by fund managers for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value.

Net investment return and net change in the fair value of investments are reported net of investment fees in the consolidated statement of activities.

The Museum has some exposure to investment risks, including interest rate, market, and credit risks, for both marketable and non-marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

Measurement of Contributions Receivable – The Museum has adopted fair value as the initial and ongoing measurement for contributions receivable. Contributions due in more than one year are reported at their discounted present value, using adjusted discount rates. The Museum's discount rate assumptions are revised at each measurement date to reflect current market conditions.

Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

Inventories – Inventories consist primarily of educational materials and other items held for sale in the Museum store, which are carried at the lower of cost or fair value. Cost is determined using the average cost method.

Capital Assets and Depreciation – Acquisitions of property and equipment over $5,000 are capitalized and reported at cost when purchased, and initially at fair value when acquired by gift. Interest in connection with the construction of major facilities is capitalized, until such time as the facilities become operational. The capitalized interest is recorded as a part of the asset to which it relates and is amortized over the asset's estimated useful life. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is forty years for buildings and between five and twenty-five years for furniture, equipment, and leasehold improvements, or the term of the lease, if shorter.

Split-Interest Agreements – The Museum is the recipient of various split-interest agreements as follows:

- *Perpetual Trusts* – The Museum has been named the beneficiary of various perpetual trusts, arrangements in which a donor establishes and funds a perpetual trust that is administered by a third-party trustee. Under the terms of the trusts, the Museum has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. Annual distributions from the trusts are reported as investment income.

- *Charitable Remainder Trusts* – The Museum is the ultimate beneficiary of various charitable remainder trusts, where a third party has the right to receive income from the trust during his or her lifetime and the Museum is entitled to a share of the remaining assets after his or her death.

- *Charitable Gift Annuities* – The Museum has various charitable gift annuity agreements with donors. Under the agreements, the Museum is required to pay a guaranteed amount (annuity) for the lifetime of the donor or designated beneficiary. The Museum is entitled to the remaining assets after his or her death.

The Museum's interest in each of the above split interest agreements is based on either the fair market value of the underlying assets (Perpetual Trusts) or the present value of the amount the amount the Museum expects to receive once it becomes entitled to the remaining assets (Charitable Remainder Trust and Charitable Gift Annuities). See note 6.

Right-of-Use Assets and Lease Obligations – The Museum recognizes a right-of-use asset and a lease liability, initially measured at the present value of the lease payments for operating leases not classified as short-term leases. The obligations associated with the leases are recognized as a liability based on the discounted future lease payments using the risk-free rate of return. The Museum includes fixed rent, predetermined rent escalations, rent-free periods, and deferred rent as lease components. Lease expense for lease payments is recognized on a straight-line basis over the term of the lease. Some leases may require variable payments for taxes, and operating expenses which are expensed as incurred.

Museum Collections – The collections are maintained for public exhibition, education, and research in the furtherance of public service, rather than for financial gain. The Museum's collections, acquired through purchase and donation, are not recognized as assets in the accompanying financial statements. Purchases of collection items are recorded in the year in which the items were acquired as decreases in net assets with donor restrictions or without donor restrictions, depending on the source of the assets used to purchase the items and whether those assets were restricted by donors. Contributed collection items are not reflected in the financial statements.

Accessions and deaccessions are approved by the Museum's Collections Committee. Pursuant to Museum policy, proceeds from the sale of art and related insurance settlements are recorded as net assets with donor restrictions for the acquisition of works of art and are not available for the direct care of the existing collection.

Revenue Recognition – With regard to revenues from grants and contracts, the Museum evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

In accordance with the above principles, the Museum has adopted the following additional specific revenue recognition policies:

- The Museum is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Museum's share of such bequests is recorded when the probate courts declare the testamentary instrument valid and the proceeds are measurable.

- Admissions, tuition and fees, rental income, and museum store sales are recognized at a point in time, as the services are provided or goods delivered. As a result, any revenues associated with advance ticket sales, tuition and fees, and rent deposits received for future fiscal years are reported as deferred revenues until earned. See note 9.

- The Museum offers memberships in a variety of categories. Membership proceeds are allocated between a contribution portion, which is recognized immediately, and an exchange portion, which is recognized ratably over the membership term (typically one year). See note 9.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor's commitment is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions of cash or other assets restricted to the acquisition of capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time the asset is placed in service.

In-Kind Contributions – The Museum receives contributed services from a large number of volunteers who assist in fundraising and other efforts. In accordance with generally accepted accounting principles, the value of such services, which the Museum considers generally not practicable to estimate, have not been recognized in the accompanying financial statements. Significant services received, which create or enhance a nonfinancial asset or require specialized skills that the Museum would have purchased if not donated, are recognized in the accompanying financial statements.

In-kind contributions of equipment and other supplies are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the Museum's activities.

Allocation of Expenses – The costs of providing the various programs and other activities of the Museum have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques, such as square footage, headcount, or percentage of time and effort, as appropriate.

Exhibition Costs – All unamortized costs directly related to the development and installation of ongoing and future exhibitions are included in prepayments in the accompanying consolidated statement of financial position when the Museum can reliably demonstrate that there is a future economic benefit associated with these costs. The costs are expensed over their useful lives, which, is generally the period over which the exhibition is held. Such costs are expensed immediately when there is insufficient evidence that the costs are recoverable.

Exhibition-related costs totaled approximately $3,486,600 and $1,931,400 for the years ended June 30, 2026 and 2025, respectively. Exhibition-related costs vary significantly from year to year, depending on the number and size of exhibitions held.

Advertising and Marketing Expenses – Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses were approximately $648,400 and $602,100 for the years ended June 30, 2026 and 2025, respectively.

Concentrations of Credit Risk – The Museum's financial instruments consist primarily of cash equivalents, short-term investments, and investments, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC").

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC or the SIPC for up to $250,000 for each depositor, for each insured bank and broker, for each account ownership category. SIPC protection does not protect against a decline in the value of securities. At June 30, 2026 and 2025, the Museum held approximately $7.84 million and $9.55 million, respectively, in cash balances in excess of FDIC/SIPC-insured levels.

Moreover, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values. Management believes that risk with respect to these balances is minimal, due to the high credit quality of the institutions used.

Finally, certain receivables may also, from time to time, subject the Museum to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the Museum's management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Income Taxes – The Museum is a public charity exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law.

R2464 Lots, LLC, as a single-member, limited liability company controlled by the Museum, is considered a disregarded entity for tax purposes.

Some of the Museum's earned revenue activities are not directly related to its public charity status and are subject to unrelated business income tax. The Museum has adopted the recognition requirements for uncertain income tax positions, as required by generally accepted accounting principles. The Museum has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Museum believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the organization's financial condition, results of operations, or cash flows. Accordingly, the Museum has recorded neither reserves nor accruals for interest and penalties for uncertain income tax positions at the Museum.

Conflict-of-Interest Policies – The Museum has established a conflict-of-interest policy whereby Board and committee members must advise the Board of Trustees of any direct or indirect interest in any transaction or relationship with the Museum, and not participate in discussions and decisions regarding any action affecting their individual, professional, or business interests.

Subsequent Events – Subsequent events have been evaluated by management through October 12, 2026, which is the date the financial statements were available to be issued.

Reclassification of Comparative Totals – Certain 2025 amounts presented herein have been reclassified to conform to the 2026 presentation.

3. Contributions Receivable

Contributions receivable at June 30, 2026 and 2025 are summarized as follows:

	2026	2025
Donor-restricted endowments	$ 1,694,426	1,145,117
Rothko Pavilion *(note 10)*	8,612,092	13,338,082
Museum operations and programs	1,335,138	1,282,668
	11,641,656	15,765,867
Less discount [1]	(367,996)	(608,764)
Less allowance for doubtful collection	(481,784)	(755,114)
	$ 10,791,876	14,401,989

[1] Unconditional promises to give which are due in more than one year are reflected at the present value of estimated future cash flows using discount rates of 4.20% in 2026, and 3.89% in 2025.

Amounts due at June 30, 2026 and 2025 are as follows:

	2026	2025
Unconditional promises expected to be collected in:		
Less than one year	$ 5,793,041	6,441,219
One year to five years	5,819,255	9,274,648
Greater than five years	29,360	50,000
	$ 11,641,656	15,765,867

Changes in the fair value of contributions receivable are as follows:

	2026	2025
Fair value at beginning of year	$ 14,401,989	17,579,319
Receipt of new contributions receivable	10,111,014	11,388,899
Collection of contributions receivable	(14,235,225)	(15,037,434)
Change in discount	240,768	328,054
Change in allowance	273,330	143,151
Net changes	(3,610,113)	(3,177,330)
Fair value at end of year	$ 10,791,876	14,401,989

Conditional Contributions

As of June 30, 2026, the Museum has been awarded a $3,000,000 multi-year grant from a foundation, which is subject to annual approval from the foundation's Board.

4. Inventories and Prepayments

At June 30, 2026 and 2025, the Museum's inventories and prepayments are summarized as follows:

	2026	2025
Museum store inventory	$ 264,588	90,558
Prepaid exhibition expenses	271,684	511,064
Other prepayments	262,309	196,056
	$ 798,581	797,678

5. Investments and Investment Return

Investments carried at fair value as of June 30, 2026 and 2025 comprise the following:

	2026	2025
Equity mutual funds	$ 57,483,248	51,325,292
Fixed income mutual funds *(note 10)*	14,743,900	12,448,147
Corporate bonds and notes	–	206,776
Real return mutual funds	1,980,587	3,512,282
Interests in private equity partnerships	22,291,107	17,104,966
	96,498,842	84,597,463
Cash and cash equivalents	70,521	46,844
	$ 96,569,363	84,644,307

Total investment return for the year ended June 30, 2026 is summarized as follows:

	Without donor restrictions	With donor restrictions	Total
Interest and dividend income, net	$ 359,805	1,081,321	1,441,126
Net change in the fair value of investments	1,429,946	11,380,955	12,810,901
Net return on split-interest agreements	–	213,368	213,368
	$ 1,789,751	12,675,644	14,465,395

Total investment return for the year ended June 30, 2025 is summarized as follows:

	Without donor restrictions	With donor restrictions	Total
Interest and dividend income, net	$ 459,451	1,029,805	1,489,256
Net change in the fair value of investments	863,100	6,796,278	7,659,378
Net return on split-interest agreements	–	57,574	57,574
	$ 1,322,551	7,883,657	9,206,208

6. Split-Interest Agreements

A summary of the Museum's split-interest agreements at June 30, 2026 and 2025 is as follows:

		2026	2025
Perpetual trusts	$	1,244,776	1,137,685
Charitable remainder trusts		409,580	354,352
Charitable gift annuities		256,914	230,212
Other split-interest agreements		85,328	82,564
	$	1,996,598	1,804,813

The changes in the Museum's split-interest agreements for the years ended June 30, 2026 and 2025 are summarized as follows:

		2026	2025
Fair value at beginning of year	$	1,804,813	1,698,120
Contributions		—	49,119
Net change in fair value [1]		191,785	57,574
Fair value at end of year	$	1,996,598	1,804,813

[1] The net change in fair value reported is net of distributions of $52,500 received from these trusts during each of the years ended June 30, 2026 and 2025.

7. Property and Equipment

A summary of property and equipment at June 30, 2026 and 2025 is as follows:

		2026	2025
Land and land improvements	$	3,675,097	3,565,225
Building and improvements		169,587,732	72,133,603
Furniture and equipment		9,527,245	9,629,237
Leasehold improvements		1,803,079	1,837,534
Construction-in-progress		353,279	90,271,176
		184,946,432	177,436,775
Less accumulated depreciation and amortization		(47,117,066)	(44,501,283)
	$	137,829,366	132,935,492

8. Museum Collections

During the years ended June 30, 2026 and 2025, the Museum acquired works of art for a total cost of $897,974 and $1,559,668, respectively. During these same periods, the Museum accepted donations of art with an estimated value of approximately $13,073,000 and $6,817,000, respectively.

Sixty-two works of art were deaccessioned during the year ended June 30, 2026. The deaccessioned works of art were sold at auction for a total of $23,043.

Fifty-two works of art were deaccessioned during the year ended June 30, 2025. The deaccessioned works of art were sold at auction for a total of $188,713.

9. Revenues from Contracts with Customers and Deferred Revenues

For revenue from contracts with customers, the timing of revenue recognition, billings and cash collections may result in billed accounts receivable (contract assets) and customer advances and deposits (contract liabilities) on the consolidated statements of financial position. See note 2 for additional information concerning revenue recognition.

The contract assets at June 30, 2026, 2025, and 2024 are all for revenues recognized at a point in time.

The beginning and ending contract liability balances are as follows for the years ended June 30, 2026 and 2025:

		2026	2025	2024
Point in time:				
Rental events	$	231,329	254,572	174,474
Other earned income		139,592	95,688	81,144
Over time:				
Memberships		1,512,604	966,137	1,029,937
	$	1,883,525	1,316,397	1,285,555

10. Note Payable

During the year ended June 30, 2025, the Museum obtained a 5-year non-revolving line of credit (the Line) with a limit of $22 million, to be used for bridge financing associated with construction of the Rothko Pavilion. During the year ended June 30, 2026, the maximum value of the Line was increased to $25 million. As of June 30, 2026, $1,778,148 is still available to be drawn on the Line.

The Line has an interest rate of SOFR (Secured Overnight Financing Rate) plus 1.85%. The Museum is required to meet certain adjusted change in net assets targets. The Museum was in compliance with these requirements at June 30, 2026.

As of June 30, 2026, the Museum had a balance outstanding of $18,832,252 on the Line. Principal is payable on a semi-annual basis, commencing on December 31, 2025, and continuing on the last day of each June and December thereafter until June 30, 2029 (the Maturity Date).

Principal repayments are expected to be as follows for the years ending June 30:

Years ending June 30,	
2027	$ 5,514,400
2028	3,589,400
2029	9,728,452
Total principal repayments	18,832,252
Less loan issuance costs [1]	(120,432)
	$ 18,711,820

[1] Loan issuance costs associated with this note payable totaling $187,568 have been recorded at cost and are being amortized over the 5-year period during which the loan is outstanding. Accumulated amortization at June 30, 2026 totaled $67,136.

Interests expenses incurred during the year ended June 30, 2026 totaled $1,153,456, of which $145,125 have been capitalized.

Interests expenses incurred during the year ended June 30, 2025 totaling $247,461 have been capitalized.

The Line is secured by:

- An assignment of all current and future pledges associated with the Rothko Pavilion (see note 3);
- Certain real properties with a carrying value of approximately $15.6 million (see notes 7 and 16);
- Assignment of all rental income generated by the parking lot sublease (see note 17);
- Fixed income securities with a fair value of approximately $8.35 million (see note 11); and
- Restricted cash.

Restricted cash on the consolidated statements of financial position represents amounts required to be held on deposit with the lender to service interest payments and cover future operating expenses. A summary of the restricted cash at June 30, 2026 is as follows:

Future operating reserve account	$ 3,000,143
Interest reserve account	1,909,316
	$ 4,909,459

At June 30, 2026, these funds are held in money market deposit accounts.

11. Net Assets Designated by the Board of Trustees

At June 30, 2026 and 2025, the following net assets without donor-imposed restrictions have been designated by the Board of Trustees for the following purposes:

	2026	2025
Board-designated endowment funds held for:		
Long-term investment [1]	$ 8,943,035	8,354,623
Capital expenditures	274,000	284,000
Specific operating expenses	350,000	256,000
Total Board designated endowment funds *(note 13)*	$ 9,567,035	8,894,623

[1] $8.35 million serves as guarantee on the line of credit. See note 10.

12. Net Assets with Donor Restrictions

The following summarizes the Museum's net assets with donor-imposed restrictions as of June 30, 2026 and 2025:

	2026	2025
Expendable net assets restricted for the following purposes:		
Acquisition of works of art	$ 713,775	1,181,074
Specific operating expenses	5,837,034	7,110,200
Capital expenditures	–	1,168,480
Rothko Pavilion	–	10,202,974
Venice Biennale	60,026	354,729
	6,610,835	20,017,457
Expendable net assets unrestricted as to purpose, but restricted as to time	564,484	489,211
Capital assets not yet placed in service:		
Rothko Pavilion	–	77,635,905
Other	267,500	–
	7,442,819	98,142,573
Endowment restricted for the following purposes:		
Funded staff positions	22,392,954	19,414,458
Access and education	10,509,022	9,320,816
Museum operations	8,954,535	7,942,091
Exhibitions	10,825,376	9,403,811
Programs	7,675,176	6,178,924
Acquisition of works of art	5,157,955	4,668,589
	65,515,018	56,928,689
Endowment unrestricted as to purpose	15,581,731	13,314,113
Total endowment *(note 13)*	81,096,749	70,242,802
Other donor-restricted net assets:		
Beneficial interest in perpetual trusts *(note 6)*	1,244,776	1,137,685
Total net assets with donor restrictions	$ 89,784,344	169,523,060

Net Assets Released from Donor Restrictions

For the years ended June 30, 2026 and 2025, releases from restrictions were as follows:

	2026	2025
Net assets released for the following purposes:		
Acquisition of works of art	$ 854,812	1,496,399
Specific operating expenses	9,842,343	8,351,361
Rothko Pavilion campaign	1,620,785	1,277,698
Venice Biennale	294,703	2,792,512
	12,612,643	13,917,970
Capital assets placed in service:		
Rothko Pavilion	93,963,939	–
Whitsell Auditorium renovation	1,168,480	–
	95,132,419	–
Total net assets released from restriction	$ 107,745,062	13,917,970

13. Endowment

The Museum's endowment includes both donor-restricted endowment funds and funds without donor restrictions designated by the Board of Trustees to function as endowment (quasi-endowment). As required by generally accepted accounting principles, net assets associated with endowment, including funds designated by the Board of Trustees to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following summarizes the Museum's endowment-related activities for the year ended June 30, 2026:

	With donor restrictions					
	Underwater endowment	Accumulated endowment return	Endowment principal	Total	Without donor restrictions	Total endowment
Endowment net assets at beginning of year	$ –	15,605,196	54,637,606	70,242,802	8,894,623	79,137,425
Contributions and bequests	–	–	2,412,538	2,412,538	660,481	3,073,019
Investment return	–	12,007,756	(2,441)	12,005,315	1,554,477	13,559,792
Appropriation of endowment assets for expenditure	–	(3,563,906)	–	(3,563,906)	(1,542,546)	(5,106,452)
Endowment net assets at end of year	$ –	24,049,046	57,047,703	81,096,749	9,567,035	90,663,784

The following summarizes the Museum's endowment-related activities for the year ended June 30, 2025:

	With donor restrictions					
	Underwater endowment	Accumulated endowment return	Endowment principal	Total	Without donor restrictions	Total endowment
Endowment net assets at beginning of year	$ (254,661)	11,648,259	53,869,374	65,262,972	8,378,946	73,641,918
Contributions and bequests	–	–	1,271,601	1,271,601	661,848	1,933,449
Transfer of endowment fund [1]	–	–	(500,000)	(500,000)	–	(500,000)
Investment return	254,661	7,312,887	(3,369)	7,564,179	982,071	8,546,250
Appropriation of endowment assets for expenditure	–	(3,355,950)	–	(3,355,950)	(1,128,242)	(4,484,192)
Endowment net assets at end of year	$ –	15,605,196	54,637,606	70,242,802	8,894,623	79,137,425

[1] During the year ended June 30, 2025, a donor authorized the reallocation of $500,000 from a previously restricted endowment gift to support the Rothko Pavilion capital campaign. As a result, $500,000 was transferred from the endowment principal.

Appropriation of endowment assets for expenditure encompassed the following for the years ended June 30, 2026 and 2025:

		2026	2025
Appropriation of 5.0% spending rate to fund operations	$	(4,332,065)	(3,770,367)
Utilization of Board-designated endowment to acquire capital assets		(774,387)	(713,825)
Total appropriation	$	(5,106,452)	(4,484,192)

Interpretation of Relevant Law – The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") governs Oregon charitable institutions with respect to the management, investment and expenditure of donor-restricted endowment funds.

The Museum's Board of Trustees has interpreted Oregon's adoption of UPMIFA as requiring the Museum to adopt investment and spending policies that preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although the Museum has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds.

Furthermore, in accordance with UPMIFA, a portion of the endowment's original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA. As a result of this interpretation, the Museum classifies as endowment principal (1) the original value of gifts donated to the donor-restricted endowment, (2) subsequent gifts to the endowment, and (3) accumulations to the endowment made pursuant to the direction of the applicable donor gift instrument.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as accumulated endowment return until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. Any investment return classified as endowment principal represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce accumulated endowment return to the extent that donor-imposed restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces endowment principal.

Endowments with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the Museum to retain as a fund of perpetual duration. In addition, the Museum's Board of Trustees interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law, and the organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater.

At June 30, 2026 and 2025, the Museum held no endowment funds with deficiencies.

Investment and Spending Policies – In accordance with UPMIFA, the Museum's Board of Trustees has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board of Trustees 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 Museum and the 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 Museum; and
- The investment policies of the Museum.

To meet its objective, the Museum's policies limit the appropriation of endowment assets for expenditure to 5.0% of the market value of such investments, computed on a thirteen-quarter trailing average. Actual endowment return earned in excess of distributions under this policy is reinvested as part of the Museum's endowment management. For years when actual endowment return is less than distributions under the policy, the short-fall is covered by realized and unrealized returns from prior years. If cumulative endowment return is exhausted, any remaining loss or appropriation reduces endowment principal. In years when the overall endowment is underwater, the Board may permit continued spending from principal in accordance with its polices for spending from underwater endowments.

14. In-Kind Contributions

The Museum is the recipient of various in-kind contributions of goods and services for which objective measurement or valuation is available. These in-kind contributions are reported in the accompanying financial statements as follows for the years ended June 30, 2026 and 2025:

		2026	2025
Equipment and supplies:			
Museum programs	$	–	10,613
PAM CUT		5,000	22,180
Fundraising		29,670	5,909
		34,670	38,702
Professional services:			
Museum programs		117,700	1,100
PAM CUT		253,215	88,774
Fundraising		–	675,404
		370,915	765,278
Capital assets:			
Museum programs		174,738	–
	$	580,323	803,980

Contributed capital assets, equipment and supplies are valued at the estimated price that would be received for selling similar products in the United States. Contributed professional services are valued using current rates for similar services.

15. Retirement Plan

The Museum sponsors a defined contribution retirement savings plan established under Section 401(k) of the Internal Revenue Code (the "Plan"). Employees may make voluntary contributions to the plan on a pre-tax basis up to the maximum amount allowed by law. Under the Plan, the Museum may make discretionary matching contributions up to a predetermined maximum.

For the years ended June 30, 2026 and 2025, the Museum matched participating employees' contributions to the Plan, up to 4% of total annual compensation. Total Museum contributions to the Plan for the years ended June 30, 2026 and 2025 were approximately $354,300 and $324,800, respectively.

16. Real Estate Investments

The Museum's real estate investments consist of unimproved land, improved properties, and long-term ground leases. Because of the inherent uncertainties of real estate valuation, the Museum's real estate investments are carried at cost, or initially measured at fair value when acquired through a charitable contribution. No depreciation is calculated on real estate investments.

To provide for possible future expansion of its facilities, in November of 2006 the Museum acquired additional parcels of land in the City of Portland located next to the Museum's current facilities. The acquisition included two parcels of property, one representing the outright purchase of fee title interest in real property and the second representing the acquisition of all interest in property subject to a 99-year ground lease, together with various exchange option and extension agreements. These assets are carried at $4,837,854 at June 30, 2026 and 2025.

Rent expense associated with this arrangement totaled $134,560 and $124,000 for the years ended June 30, 2026 and 2025, respectively.

Put and Call Options

As a part of the ground lease agreement on the second parcel of land, the Museum also acquired all rights and conditions previously held by the seller, including various put and call options. For example, the lessor holds the right to exercise a put option on the fifth anniversary of the ground lease and every five years thereafter. This means that, in accordance with the specific terms of the agreement, the lessor may require the Museum to purchase the underlying land at a price to be determined based on an independent appraisal of the fair market value of the property at that time. Simultaneously, the Museum has acquired the right to exercise a call option (or the right to purchase the underlying property) at the end of the ten-year initial lease period, or on any date thereafter, again, with the price to be determined based on an independent appraisal of the fair market value of the property.

17. Operating Leases

In addition to the 99-year ground lease referred to in note 16, the Museum leases office and storage space under non-cancelable operating leases expiring at various dates through November 2032.

As of June 30, 2026, the weighted-average discount rate was 3.24%, and the remaining weighted average lease term was 56 years.

Future Lease Payments

The following table reconciles the undiscounted cash flows expected to be paid in each of the next five years and thereafter to the lease liability recorded on the consolidated statement of financial position for operating leases existing as of June 30, 2026:

Years ending June 30,	
2027	$ 560,846
2028	576,018
2029	543,503
2030	341,421
2031	349,819
Thereafter	8,917,169
Total minimum lease payments	11,288,776
Less present value discount	(6,203,389)
Total lease obligations	$ 5,085,387

Rent expense associated with these lease arrangements totaled $703,732, including $153,285 in variable costs, and $692,394, including $141,947 in variable costs, for the years ended June 30, 2026 and 2025, respectively.

In addition, the Museum subleases a parking lot under a single-year lease to an unrelated party. Annual rental revenues were approximately $355,000 and $426,000 for the years ended June 30, 2026 and 2025, respectively.

18. Other Commitments and Contingencies

The Museum has entered into several contracts regarding future exhibitions. Outstanding commitments under these contracts totaled approximately $1,173,000 at June 30, 2026. In addition, the Museum has outstanding commitments related to the Rothko Pavilion totaling $287,000 at June 30, 2026.

19. Liquidity and Availability of Financial Assets

The Museum manages its financial assets to be available for general expenditures, liabilities and other obligations as they come due. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other limitations include donor restricted endowment funds, Board designated endowment funds, trust assets, and donor-restricted funds.

The Museum invests cash in excess of daily requirements in cash and cash equivalents and investments.

The following table reflects the Museum's financial assets as of June 30, 2026 and 2025, reduced by amounts not available for general expenditures within one year:

	2026	2025
Total financial assets as of June 30	$116,126,283	108,796,983
Less financial assets not available for expenditures within one year	(105,214,242)	(98,488,402)
	10,912,041	10,308,581
Plus other funds subject to appropriation or approved for expenditures in the next fiscal year	1,274,915	1,019,460
Total financial assets available within one year	$ 12,186,956	11,328,041

In addition, the Museum holds Board designated endowment funds for long-term investment totaling $8,943,035 at June 30, 2026 ($8,354,623 in 2025). Although the Museum does not intend to spend from its Board designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval process, amounts from its Board designated endowment could be made available if necessary. However, the Board designated endowment serves as guarantee on its Line (note 11) and both the Board designated and donor restricted endowments contain investments with lock-up provisions that would reduce the total investments that could be made available (see note 21 for additional disclosures about the Museum's investments).

20. Related-Party Transactions

From time to time, the Museum enters into transactions with individuals or entities that have a relationship to a member of the Board of Trustees. These transactions are subject to Board review and approval. In April 2022 a lease was signed for a theater space in a building in which two trustees who are family members have a controlling interest. After taking independent professional advice and concluding that the lease terms were at a fair market rent, the lease was approved by the Executive Committee of the Board. Rent paid under this lease for the years ended June 30, 2026 and 2025 was approximately $219,800, and $219,800, respectively. The amount of future lease commitments is included among the disclosures in note 17.

21. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments carried at fair value. These instruments include:

- Investments
- Contributions receivable
- Split-interest agreements

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets and liabilities carried at fair value, with the exception of investments measured at fair value using net asset value as a practical expedient, have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Museum's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

At June 30, 2026, the following table summarizes the financial assets measured at fair value on a recurring basis, as well as those assets measured using the net asset value per share as a practical expedient:

	Level 1	Level 3	Total
Investments, measured at fair value:			
Equity mutual funds	$ 57,483,248	–	57,483,248
Fixed income mutual funds	14,743,900	–	14,743,900
Real return mutual funds	1,980,587	–	1,980,587
Total investments, measured at fair value	74,207,735	–	74,207,735
Interests in private equity partnerships, measured at net asset value			22,291,107
Total investments *(see note 5)*			96,498,842
Contributions receivable *(see note 3)*		10,791,876	10,791,876
Split-interest agreements *(see note 6)*		1,996,598	1,996,598

Investments measured at fair value using net asset value as a practical expedient are as follows at June 30, 2026:

	Fair value at June 30	Unfunded commitments	Redemption frequency	Redemption notice period
Absolute return hedge funds [A]	$ 7,832,586	$ none	quarterly	70 days
Private equity funds [B]	9,700,310	3,834,109	not allowed	n/a
Real estate funds [C]	4,758,211	none	quarterly	60 days

At June 30, 2025, the following table summarizes the financial assets measured at fair value on a recurring basis, as well as those assets measured using the net asset value per share as a practical expedient:

	Level 1	Level 3	Total
Investments, measured at fair value:			
Equity mutual funds	$ 51,325,292	–	51,325,292
Fixed income mutual funds	12,448,147	–	12,448,147
Corporate bonds and notes	206,776	–	206,776
Real return mutual funds	3,512,282	–	3,512,282
Total investments, measured at fair value	67,492,497	–	67,492,497
Interests in private equity partnerships, measured at net asset value			17,104,966
Total investments *(see note 5)*			84,597,463
Contributions receivable *(see note 3)*		14,401,989	14,401,989
Split-interest agreements *(see note 6)*		1,804,813	1,804,813

Investments measured at fair value using net asset value as a practical expedient are as follows at June 30, 2025:

	Fair value at June 30	Unfunded commitments	Redemption frequency	Redemption notice period
Absolute return hedge funds [A]	$ 7,083,215	$ none	quarterly	70 days
Private equity funds [B]	5,211,022	3,960,263	not allowed	n/a
Real estate funds [C]	4,810,729	none	quarterly	60 days

[A] Absolute return hedge funds are considered to be investments in funds of funds. These investments employ a variety of strategies, including absolute return, diversified arbitrage, investment in distressed securities, and various long/short strategies.

[B] Private equity funds are investments in funds organized as limited partnerships that invest in both venture capital and buyouts.

[C] Real estate fund is an investment in funds organized as a limited partnership that invests primarily in equity real estate investments located in the U.S.

■

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