

The Newark Museum Association
(d/b/a The Newark Museum of Art)

Financial Statements
December 31, 2025 and 2024

Independent Auditors' Report

Board of Trustees

The Newark Museum Association (d/b/a The Newark Museum of Art)

Opinion

We have audited the accompanying financial statements of The Newark Museum Association, (d/b/a The Newark Museum of Art) (the "Museum"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of December 31, 2025, and 2024 and the changes in its net assets and 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Museum 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 Museum's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 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 the 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 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 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.

PKF O'Connor Davies, LLP

March 25, 2026

**The Newark Museum Association
(d/b/a The Newark Museum of Art)**

Statements of Financial Position

	December 31	
	2025	2024
ASSETS		
Cash and cash equivalents	\$ 7,042,526	\$ 6,832,102
Accounts receivable, net	185,756	169,550
Grants receivable	250,213	275,213
Contributions receivable, net (Note 3)	890,198	1,284,298
Prepaid expenses and other assets (Note 14)	2,288,941	2,357,633
Investments (Notes 4 and 9)	47,574,424	47,006,080
Property and equipment, net (Note 5)	13,914,364	12,480,530
Museum collections (Note 2)	-	-
	\$ 72,146,422	\$ 70,405,406
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,093,524	\$ 1,780,423
Line of credit payable (Note 6)	3,000,000	600,000
Refundable advances	2,745,882	2,809,646
Total Liabilities	7,839,406	5,190,069
Net Assets		
Without donor restrictions (Note 7)	51,702,857	49,000,537
With donor restrictions (Notes 8 and 9)	12,604,159	16,214,800
Total Net Assets	64,307,016	65,215,337
	\$ 72,146,422	\$ 70,405,406

See notes to financial statements

**The Newark Museum Association
(d/b/a The Newark Museum of Art)**

Statement of Activities
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Operating Revenues, Gains, and Other Support			
Governmental grants and appropriations	\$ 8,552,281	\$ -	\$ 8,552,281
Contributions and pledges	963,769	792,943	1,756,712
In-kind contributions	406,250	-	406,250
Membership and tours	255,182	-	255,182
Educational	509,276	-	509,276
Investment return designated for operations	6,039,980	-	6,039,980
Other revenue	508,919	-	508,919
Net assets released from restriction	5,988,243	(5,988,243)	-
Total Operating Revenues, Gains, and Other Support	23,223,900	(5,195,300)	18,028,600
 Operating Expenses			
Program services	13,319,867	-	13,319,867
General and administrative	2,451,981	-	2,451,981
Fundraising and development	2,691,919	-	2,691,919
Total Operating Expenses	18,463,767	-	18,463,767
Change in Net Assets from Operations	4,760,133	(5,195,300)	(435,167)
 NON-OPERATING ACTIVITIES			
Investment return less amounts designated for current operations	(2,328,067)	1,584,659	(743,408)
Sale of collection items	1,401,897	-	1,401,897
Collections purchased	(1,131,643)	-	(1,131,643)
Total Non-Operating Activities	(2,057,813)	1,584,659	(473,154)
Change in Net Assets	2,702,320	(3,610,641)	(908,321)
 NET ASSETS			
Beginning of year	49,000,537	16,214,800	65,215,337
End of year	\$ 51,702,857	\$ 12,604,159	\$ 64,307,016

See notes to financial statements

**The Newark Museum Association
(d/b/a The Newark Museum of Art)**

Statement of Activities
Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
Operating Revenues, Gains, and Other Support			
Governmental grants and appropriations	\$ 6,779,231	\$ -	\$ 6,779,231
Contributions and pledges	2,889,800	2,103,525	4,993,325
Membership and tours	293,277	-	293,277
Educational	496,047	-	496,047
Investment return designated for operations	1,688,205	-	1,688,205
Other revenue	606,526	-	606,526
Net assets released from restriction	<u>1,733,224</u>	<u>(1,733,224)</u>	<u>-</u>
Total Operating Revenues, Gains, and Other Support	<u>14,486,310</u>	<u>370,301</u>	<u>14,856,611</u>
 Operating Expenses			
Program services	13,450,519	-	13,450,519
General and administrative	2,299,342	-	2,299,342
Fundraising and development	<u>3,454,622</u>	<u>-</u>	<u>3,454,622</u>
Total Operating Expenses	<u>19,204,483</u>	<u>-</u>	<u>19,204,483</u>
Change in Net Assets from Operations	<u>(4,718,173)</u>	<u>370,301</u>	<u>(4,347,872)</u>
 NON-OPERATING ACTIVITIES			
Investment return less amounts designated for current operations	817,437	1,040,797	1,858,234
Sale of collection items	755,934	-	755,934
Collections purchased	(1,026,634)	-	(1,026,634)
Gain on sale of property	<u>7,070,000</u>	<u>-</u>	<u>7,070,000</u>
Total Non-Operating Activities	<u>7,616,737</u>	<u>1,040,797</u>	<u>8,657,534</u>
Change in Net Assets	2,898,564	1,411,098	4,309,662
 NET ASSETS			
Beginning of year	<u>46,101,973</u>	<u>14,803,702</u>	<u>60,905,675</u>
 End of year	<u>\$ 49,000,537</u>	<u>\$ 16,214,800</u>	<u>\$ 65,215,337</u>

See notes to financial statements

**The Newark Museum Association
(d/b/a The Newark Museum of Art)**

Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services				Supporting Services		Total
	Exhibitions	Education and Public Programs	Registrar and Curatorial	Total	General and Administrative	Fundraising and Development	
Salaries and wages	\$ 1,949,895	\$ 1,583,493	\$ 1,629,800	\$ 5,163,188	\$ 1,059,107	\$ 1,931,403	\$ 8,153,698
Employee benefits and taxes	644,926	644,926	644,926	1,934,778	356,406	254,576	2,545,760
Professional fees and consultants	695,004	744,529	718,394	2,157,927	602,525	160,407	2,920,859
Program supplies	54,066	72,956	3,371	130,393	-	-	130,393
Office expenses	51,630	23,295	52,194	127,119	22,636	112,886	262,641
Travel, conference and meetings	62,123	200,739	62,626	325,488	65,239	30,112	420,839
Marketing expenses	105,310	48,120	31,980	185,410	19,593	30,497	235,500
Occupancy and building maintenance	798,647	196,799	516,839	1,512,285	67,407	60,375	1,640,067
Insurance	205,053	31,547	115,249	351,849	6,309	9,464	367,622
Interest expense and loan fees	38,747	38,747	38,747	116,241	21,413	15,295	152,949
Other general and administrative	9,141	6,829	6,878	22,848	204,140	46,093	273,081
Depreciation	884,233	136,036	272,072	1,292,341	27,206	40,811	1,360,358
Total Expenses	<u>\$ 5,498,775</u>	<u>\$ 3,728,016</u>	<u>\$ 4,093,076</u>	<u>\$ 13,319,867</u>	<u>\$ 2,451,981</u>	<u>\$ 2,691,919</u>	<u>\$ 18,463,767</u>

See notes to financial statements

**The Newark Museum Association
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Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services				Supporting Services		Total
	Exhibitions	Education and Public Programs	Registrar and Curatorial	Total	General and Administrative	Fundraising and Development	
Salaries and wages	\$ 2,021,443	\$ 1,599,029	\$ 1,679,853	\$ 5,300,325	\$ 1,127,152	\$ 2,124,987	\$ 8,552,464
Employee benefits and taxes	610,771	764,698	595,652	1,971,121	147,699	433,975	2,552,795
Professional fees and consultants	630,803	577,798	636,914	1,845,515	632,666	181,149	2,659,330
Program supplies	203,705	86,388	25,462	315,555	-	-	315,555
Office expenses	53,068	35,592	77,950	166,610	44,183	136,840	347,633
Travel, conference and meetings	72,473	250,268	74,062	396,803	104,383	45,753	546,939
Marketing expenses	94,269	66,368	40,348	200,985	23,306	70,775	295,066
Occupancy and building maintenance	844,941	182,699	530,157	1,557,797	70,441	92,250	1,720,488
Insurance	193,827	29,820	113,407	337,054	5,964	8,946	351,964
Interest expense and loan fees	10,199	10,199	10,199	30,597	64,181	61,429	156,207
Other general and administrative	7,953	5,989	5,989	19,931	51,825	257,205	328,961
Depreciation	895,102	137,708	275,416	1,308,226	27,542	41,313	1,377,081
Total Expenses	\$ 5,638,554	\$ 3,746,556	\$ 4,065,409	\$ 13,450,519	\$ 2,299,342	\$ 3,454,622	\$ 19,204,483

See notes to financial statements

**The Newark Museum Association
(d/b/a The Newark Museum of Art)**

Statements of Cash Flows

	Year Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (908,321)	\$ 4,309,662
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,360,358	1,377,081
Present value discount on contributions receivable	(30,900)	7,040
Realized and unrealized gain on investments	(3,775,314)	(2,102,594)
Purchase of collections	1,131,643	1,026,634
Proceeds from sale of collections	(1,401,897)	(755,934)
Gain on sale of property	-	(7,070,000)
Changes in operating assets and liabilities		
Accounts receivable	(16,206)	(91,474)
Grants receivable	25,000	179,328
Contributions receivable	425,000	(387,500)
Prepaid expenses and other assets	68,692	(2,085,046)
Accounts payable and accrued expenses	313,101	(539,545)
Refundable advances	(63,764)	2,747,874
Net Cash from Operating Activities	(2,872,608)	(3,384,474)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,794,192)	(386,583)
Purchase of investments	(12,469,052)	(8,510,881)
Proceeds from sale of investments	15,676,022	8,130,543
Purchase of collections	(1,131,643)	(1,026,634)
Proceeds from sale of land	-	7,070,000
Proceeds from sale of collections	1,401,897	755,934
Net Cash from Investing Activities	683,032	6,032,379
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on loan payable	-	(2,012,000)
Draw down on line of credit	3,780,000	3,000,000
Payments on line of credit	(1,380,000)	(2,400,000)
Net Cash from Financing Activities	2,400,000	(1,412,000)
Net Change in Cash and Cash Equivalents	210,424	1,235,905
CASH AND CASH EQUIVALENTS		
Beginning of year	6,832,102	5,596,197
End of year	\$ 7,042,526	\$ 6,832,102
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 152,949	\$ 156,207

See notes to financial statements

**The Newark Museum Association
(d/b/a The Newark Museum of Art)**

Notes to Financial Statements
December 31, 2025 and 2024

1. The Museum

Founded in 1909, The Newark Museum Association (d/b/a The Newark Museum of Art) (the “Museum”) is one of the most influential museums in the United States and the largest art and education institution in New Jersey. Its extensive collections, which include art from around the globe as well as significant holdings of science, and natural history, rank 12th in size nationally. The Museum is dedicated to artistic excellence, education, and community engagement with an overarching commitment to broadening and diversifying participation in the arts.

A cultural anchor institution in Newark for over a century, the Museum advances its mission by operating in the public trust as a museum of service, and as a leader in connecting objects and ideas to the needs and wishes of its constituencies. The Museum’s renowned art collections have the power to educate, inspire, and transform individuals of all ages, and the local, regional, national, and international communities that it serves. In the words of founder John Cotton Dana, “a good museum attracts, entertains, arouses curiosity, leads to questioning and thus promotes learning.”

The Museum’s distinguished art collections are international in scope and include an Asian Art collection with the most important collection of Tibetan art in the West; one of the nation’s earliest and most comprehensive collections of African Art; a nationally and internationally recognized collection of 18th- to 21st-century American paintings and sculptures; an acclaimed Decorative Arts collection; and Ancient Mediterranean collections featuring an unparalleled collection of ancient glass. The Museum’s collections reflect Dana’s belief that art can be found everywhere in the world, that the creative impulse can be expressed in any medium, and that art is for everyone.

Visitor-and community-centered, the Museum responds to the evolving needs and interests of the diverse publics it serves by offering exhibitions, programming, a research library, paid internships, and local and global partnerships. A 3.1 acre campus includes the National Historic Landmark Ballantine House (1885); the Ward Carriage House (1860); the Old Stone School House (1784); the Dreyfuss Memorial Garden and the Dreyfuss Planetarium (1954), the first planetarium in New Jersey. The Museum has launched an era of transformation to create an engaged citizenry by reimagining the role of the art museum for the 21st century.

Considered the birthplace of museum-based education, the Museum remains one of the leaders in arts education in the country. The Museum offers a wealth of on-site and off-site school programs for New Jersey students from Pre-K through 12th grade, as well as professional development training sessions for teachers, that support state curriculum standards in the arts, sciences, and the humanities. In addition, the Museum serves as an educational resource, providing varied programming for all ages that increases visitors’ engagement with artworks in the collection and promotes lifelong learning and creativity. Popular signature programs include: Art After Dark, evening programming for adult audiences; Community Days, multicultural activities and experiences for all ages; family drop-in events; and the Newark Black Film Festival.

**The Newark Museum Association
(d/b/a The Newark Museum of Art)**

Notes to Financial Statements
December 31, 2025 and 2024

1. The Museum (*continued*)

Tax Status

The Museum qualifies as a charitable organization as defined by Internal Revenue Code (IRC) Section 501(c)(3). Accordingly, it is exempt from Federal income tax under IRC Section 501(a). Additionally, since the Museum is publicly supported, the contributions to the Museum qualify for the maximum charitable contribution deduction under the IRC. The Museum is also exempt from state and local taxes.

Management's Liquidity Plan

The Museum has experienced cash flow challenges in recent years. These deficits have been partially funded through draws on board-designated operating funds and may continue to be supported by such sources in the near term.

Management is implementing a diversified fund development strategy to address operating needs and improve liquidity. The Museum intends to reduce outstanding obligations through a combination of refinancing its line of credit, pursuing alternative financing arrangements, and, if necessary, utilizing board-designated funds.

See Note 10 for the Museum's plans to address these issues.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which 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. Accordingly, actual results could differ from those estimates.

Accounts Receivable

Accounts receivable includes receivables from mainly earned income, such as school programs and special events. Accounts receivable are stated at the amount expected to be collected from customers. The Museum writes off uncollectible accounts receivables once collection efforts have been exhausted. Accounts receivable as of January 1, 2024 amounted to \$122,458.

Cash and Cash Equivalents

The Museum considers all liquid investments purchased with a remaining maturity of three months or less to be cash equivalents, with the exception of those money market funds which are included in investments.

**The Newark Museum Association
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Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Museum follows US GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments Valuation and Investment Income

Investments in equity and fixed-income securities are carried at fair value, which is based on published unit values or quoted market prices. Investments in cash equivalents, consisting of money market funds, are carried at cost, which approximates fair value.

Income earned from donor restricted investments, including realized and unrealized gains and losses, is recorded as net assets without donor restriction or net assets with donor restriction based on donor stipulations.

Collections

The value of the Museum's collections has been excluded from the statements of financial position and gifts of art objects are excluded from revenue in the statements of activities. Purchases of art objects by the Museum are recorded as decreases in net assets in the statements of activities. The Museum's policy is to utilize board designated acquisition funds to acquire new objects for its collections as well as direct care of the collections (See Note 7). Proceeds from the sale of collection items are reflected as increases in net assets in the statements of activities.

Inventory

The Museum values its inventories consisting primarily of gift shop and special event inventory at the lower of weighted average cost or net realizable value and is included in prepaid expenses and other assets on the statements of financial position.

Asset Recoverability

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset less costs to sell. No impairment charge has been recognized for the years ended December 31, 2025 and 2024.

**The Newark Museum Association
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Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

The land occupied by the Museum's building was appropriated and reserved by the City of Newark for the Museum's collections, which are maintained for public exhibition, education, and research in the furtherance of public service. The land had a de-minimis value and the original buildings were fully depreciated at that time. Accordingly, no value has been assigned for such land and buildings in the accompanying financial statements.

The Museum capitalizes all building improvements and other property and equipment expenditures or additions in excess of \$2,000, which are recorded at cost or, if donated, at fair value as of the date of receipt. Major renewals and betterments are capitalized. Maintenance and repairs, which do not extend the lives of the respective assets, are expensed. Depreciation is computed on a straight-line basis over the estimated useful life of the asset ranging from 3 to 25 years.

When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected as an increase or decrease in net assets without donor restrictions.

Net Asset Classifications

The Museum reports information regarding financial position and activities according to two classes of net assets: without and with donor restrictions.

Without donor restrictions - Resources that are fully available at the discretion of management and the Board of Trustees (the Board), for use in activities within the Museum's charter and mission. The Board has designated a portion of the Museum's net assets for various purposes. Board-designated net assets consist of endowments within the Museum's institutional funds that donors do not require to be held in perpetuity, proceeds from the sale of de-accessioned collections and related investment income, or asset appreciation, that have been designated by the Board for the purchase of collections and other purposes. (See Note 7)

With donor restrictions - Represent amounts restricted by donors to be used for specific activities or at some future date, or which require the Museum to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. 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 statements of activities as net assets released from restrictions. Income and gains earned on endowment fund investments are available to be used in the "without donor restrictions" or "with donor restrictions" net asset classes based upon stipulations by the donors.

**The Newark Museum Association
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Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Governmental Grants and Appropriations

Government grants for which the Museum determines that no commensurate value is exchanged are recognized as contribution revenue, with or without donor restrictions, based on the terms of the grant.

No allowance for non-collectability was required on grants receivable as of December 31, 2025 and 2024.

Measure of Operations

Operations include all revenues and expenses that are an integral part of the Museum's programs and supporting activities. The measure of operations includes investment income equal to a Board approved spending rate and excludes investment return in excess of, or less than, the spending rate (see Note 9), purchase and sale of Museum collection items, sale of property and direct care of collections.

Contributions

All unconditional contributions are recorded as revenue when received at their net realizable value. The value of contributions expected to be received in more than one year is measured based on the present value of future cash flows, with consideration given to possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. The measurement also considers donors' credit risk. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. All contributions are considered available for general use, unless specifically restricted by the donor. The Museum records contributions within its endowment fund if the donor stipulates that the resources be held in perpetuity or, as time or purpose restricted if they are received with donor stipulations that limit their use either by purpose or by the passage of time. When donor restrictions expire (i.e., when a purpose or time restriction is fulfilled), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in receivables.

Legacies and bequests are recognized when the right to the gift has been established by the probate court and the proceeds are measurable.

**The Newark Museum Association
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Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

In-kind contributions are recorded as support at their fair values at the date of donation. In-kind contributions that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased, are recorded as contributions and expenses at their fair values in the period received. In-kind contributions consisted of the following for the years ended December 31:

	2025	2024	Usage in Program/Activities	Donor Restriction	Fair Value Techniques
Consulting services	\$ 406,250	\$ -	General and Administrative	None	Estimated based on usual and customary rates of consulting vendor

Membership, Tours, Education and Other Programmatic Revenue

Membership dues are assessed and recognized as revenue on a calendar year basis. Tours, education and other programmatic revenue are recognized in the period in which the service is provided.

The beginning and ending program related revenue contract balances were as follows:

	December 31,		
	2025	2024	2023
Contract assets	\$185,756	\$169,550	\$ 78,076
Contract liabilities	4,447	8,679	61,772

Refundable Advances

Advances received for which goods or services have yet to be provided are reported as refundable advances.

Advertising Expense

Advertising is recorded as expense in the period incurred. Advertising expense for the years ended December 31, 2025 and 2024 was \$58,511 and \$77,228, respectively.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Program expenses include Exhibitions, Registrar and Curatorial, and Education and Public Programs. Supporting services include General and Administrative and Fundraising and Development. Expenses are allocated to the activities described above based on project effort, square footage, and personnel head count. Expenses allocated using these measures include salaries and wages, depreciation and professional fees and consultants.

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Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Reclassification

Certain items from the 2024 financial statements have been reclassified to be in conformity with the 2025 financial statement presentation.

Accounting for Uncertainty in Income Taxes

The Museum recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Museum has no uncertain tax positions that would require financial statement recognition or disclosure. The Museum is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2022.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 25, 2026.

3. Contributions Receivable

Contributions receivable consisted of the following at December 31:

	<u>2025</u>	<u>2024</u>
Due less than one year	\$ 794,998	\$ 669,998
Due between one year and five years	<u>100,000</u>	<u>650,000</u>
Total	894,998	1,319,998
Less: Discount for present value at 5%	<u>(4,800)</u>	<u>(35,700)</u>
	<u>\$ 890,198</u>	<u>\$ 1,284,298</u>

A present value discount using a rate of 5% has been calculated using discount factors that approximate the risk and expected timing of future contribution payments. Management has deemed all contributions receivable as collectible and no allowance for doubtful accounts is considered necessary.

**The Newark Museum Association
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Notes to Financial Statements
December 31, 2025 and 2024

4. Fair Value Measurements

The following table provides the fair value hierarchy of the Museum's investments as of December 31:

	2025		
	Level 1	Level 2	Total
Equities			
US Large Cap	\$ 7,293,552	\$ -	\$ 7,293,552
US Mid Cap	3,644,088	-	3,644,088
US Small Cap	4,518,367	-	4,518,367
International Developed	5,972,917	-	5,972,917
Emerging Markets	1,859,535	-	1,859,535
Hedge Funds Specific Strategy	3,995,239	-	3,995,239
Commodities	1,536,728	-	1,536,728
Fixed income securities	-	16,081,585	16,081,585
Total Investments Measured at Fair Value	<u>\$28,820,426</u>	<u>\$16,081,585</u>	44,902,011
Money market funds, at cost			<u>2,672,413</u>
Total Investments			<u>\$47,574,424</u>
	2024		
	Level 1	Level 2	Total
Equities			
US Large Cap	\$ 7,769,387	\$ -	\$ 7,769,387
US Mid Cap	3,715,282	-	3,715,282
US Small Cap	4,579,878	-	4,579,878
International Developed	4,032,540	-	4,032,540
Emerging Markets	1,766,826	-	1,766,826
Hedge Funds Specific Strategy	3,577,513	-	3,577,513
Commodities	1,328,778	-	1,328,778
Fixed income securities	-	18,442,468	18,442,468
Total Investments Measured at Fair Value	<u>\$ 26,770,204</u>	<u>\$ 18,442,468</u>	45,212,672
Money market funds, at cost			<u>1,793,408</u>
Total Investments			<u>\$ 47,006,080</u>

**The Newark Museum Association
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Notes to Financial Statements
December 31, 2025 and 2024

5. Property and Equipment

Property and equipment consisted of the following at December 31:

	2025	2024
Building improvements	\$ 64,477,691	\$62,024,908
Furniture, fixtures and equipment	4,549,677	4,486,359
Information technology	1,116,227	1,092,665
	70,143,595	67,603,932
Less: Accumulated depreciation	(56,685,929)	(55,325,571)
	13,457,666	12,278,361
Construction in progress	456,698	202,169
	\$ 13,914,364	\$12,480,530

On December 20, 2024, the Museum sold land to L&M Development Partners, Inc. (“L&M”) at a sales price of \$7,070,000. This land had a de-minimis value at the inception of the Museum and was not recorded within property and equipment (See Note 2 and 14).

In 2023, the Museum was granted \$5,000,000 from New Jersey Department of Cultural Affairs for renovation of the Learning and Engagement Art Center (“LEAC”) located in the South Wing of the Museum. The LEAC renovation commenced in the second quarter of 2024 and is expected to be completed during 2026. The Museum received the first installment of this grant in the amount of \$3,000,000, in 2024 and the remainder in 2025. The amount received but not yet earned related to this grant is included in refundable advances on the statement of financial position as of December 31, 2025 and 2024. The completed portion of renovation is included in the property and equipment.

6. Loan Payable and Line of Credit

On October 18, 2021, the Museum entered into a financing agreement through The Prudential Foundation for a mortgage loan in the amount of \$2,012,000. The mortgage loan was provided to supplement the working capital, until the sale of property (See Note 14) was finalized. The loan was paid in full upon the completion of the property sale on December 20, 2024.

The Museum had a line of credit available in the amount of \$2,000,000 which matured on June 30, 2024. The Museum provided \$1,000,000 cash collateral to secure the \$2,000,000 line of credit. Borrowings under the line of credit are available in the form of advances and bear interest at a per annum rate using BSBY (Bloomberg Short-Term Bank Yield Index) plus 1.75%. The line was renewed and increased to \$3,000,000 with a new maturity date of June 30, 2026. The new interest rate is BSBY plus 1.85%. All other conditions remained the same.

As of December 31, 2025 and 2024, outstanding balances from the line of credit were \$3,000,000 and \$600,000, respectively.

Interest expense for the years ended December 31, 2025 and 2024 was \$152,949 and \$156,207, respectively.

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Notes to Financial Statements
December 31, 2025 and 2024

7. Net Assets without Donor Restrictions

As of December 31, 2025 and 2024, net assets without donor restrictions consisted of the following:

	2025	2024
Undesignated - operations	\$ 15,177,860	\$ 16,309,225
Board Designated:		
Endowment funds	4,166,995	3,443,277
Deaccession funds	30,896,779	27,857,636
Purpose restricted	1,461,223	1,390,399
	<u>\$ 51,702,857</u>	<u>\$ 49,000,537</u>

Included in board-designated net assets is art acquisition funds, which include proceeds from the sale of de-accessioned collections and related investment income, or asset appreciation (collectively "Deaccession Funds"). For the years ended December 31, 2025 and 2024, the proceeds from the sale of de-accessioned collections were \$1,401,897 and \$755,934, respectively. The amounts of Deaccession Fund included in the Board-designated net assets were \$30,896,779 and \$27,857,636, as of December 31, 2025 and 2024, respectively.

For the years ended December 31, 2025 and 2024, none of the deaccession funds were used for direct care of collections. Additionally, some Board designated net assets have specific internally-imposed purpose restrictions which were \$1,461,223 and \$1,390,399 as of December 31, 2025 and 2024, respectively.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes:

	2025	2024
Net Assets with Time or Purpose Restrictions:		
Capital projects	\$ -	\$ 21,129
Exhibitions	708,967	872,445
Education and other program services	845,765	1,006,458
Accumulated (loss) gain on endowment investments	(2,679,758)	585,583
	(1,125,026)	2,485,615
Endowment Fund Net Assets Classified by Purpose for which the Income thereon is available for use:		
Education and other program services	8,870,338	8,870,338
Operating, trustees' room and gallery maintenance	4,758,847	4,758,847
Art acquisition	100,000	100,000
	<u>13,729,185</u>	<u>13,729,185</u>
Total Net Assets with Donor Restrictions	<u>\$12,604,159</u>	<u>\$16,214,800</u>

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Notes to Financial Statements
December 31, 2025 and 2024

8. Net Assets with Donor Restrictions (continued)

Accumulated (loss)/income and (depreciation)/appreciation of assets underlying investments held in perpetuity amounted to (\$2,679,758) and \$585,583 as of December 31, 2025 and 2024, respectively, and are included within time and purpose restricted net assets. Accumulated loss may also be caused by the drawdown of the board-designated endowments, which is further discussed in Note 9.

Net assets were released from donor restrictions (by incurring expenses satisfying the restrictions) as follows for the years ended December 31:

	2025	2024
Capital projects	\$ 21,129	\$ 62,319
Exhibitions	217,379	230,226
Education and other program services	899,735	1,440,679
General operating support including special draws	4,850,000	-
	\$ 5,988,243	\$ 1,733,224

Endowment fund net assets include cumulative matching contributions from the New Jersey Cultural Trust that totaled \$1,014,622 at December 31, 2025 and 2024. As of December 31, 2025 and 2024, cumulative Museum contributions of \$5,138,115 represent donations that have been certified by the New Jersey Cultural Trust. Endowment fund net assets also include cumulative contributions from the National Endowment for the Humanities that totaled \$125,000 as of December 31, 2025 and 2024.

9. Endowments

The Museum's endowment consists of approximately 100 individual funds established for various purposes. The endowment includes both donor-restricted endowment funds as well as funds designated by the Board to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of the Museum has interpreted the State of New Jersey Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum classifies as endowment fund net assets (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 that is not classified in endowment fund net assets is classified as time or purpose restricted net assets until those amounts are appropriated for expenditure by the Museum's Board in a manner consistent with the standard of prudence prescribed by UPMIFA.

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Notes to Financial Statements
December 31, 2025 and 2024

9. Endowments (continued)

Interpretation of Relevant Law (continued)

In accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Museum, and (7) the Museum's investment policies.

Return Objectives and Risk Parameters

The primary objective of the Museum's investment and spending strategies is to provide a stable stream of funds to support its operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of the donor-restricted funds that the Museum must hold in perpetuity or for donor-specific periods as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested and diversified with a goal of producing an annual real return of approximately 6%, net of inflation, and investment management costs. Actual returns in any given year may vary from this amount.

The Museum designated its spending policy for Endowment Funds as up to 4% annually. The Board increased the spending rate to 8% in 2021 in response to the COVID-19 pandemic financial uncertainty. The Museum is gradually reducing the rate down to 4% with the economic recovery. The rate in 2025 and 2024 was 5% and 6%, respectively.

The spending policy was calculated using the market value as of September 30 and used a 4-point smoothing policy covering the preceding 36-months.

Front Door Loan

In 2017, the Museum's Board of Trustees voted and approved an internal loan with a principal amount of \$3,656,853 to finance the Washington Street Entry and Accessibility Project (the "Project"). The Project consists of Americans with Disabilities Act ("ADA") compliance for the front doors of the main building of the Museum, and major improvements to additional galleries. These funds were removed from the endowment. The Project was completed in 2018. As of December 31, 2025 and 2024, the outstanding principal owing to the endowment is \$1,659,736. The Museum is paying interest on the unpaid balance at the federal mid-term rate of 1.58% (the rate as of April 2017) to be compounded annually for the 9 years of the loan. The original maturity date of this endowment loan was April 1, 2026.

During 2025, the Museum extended the maturity date by a year to April 1, 2027. Upon extending the maturity date, the interest rate became 2.09%, using a 10-year Treasury rate at the time of the inception of the loan, which is an increase of 0.51%, from 1.58%. The impact of the increase was an increase of interest of \$153,001. At the inception of the loan in 2017, the Board of Trustees allowed the Museum to have maximum repayment term at 10 years. The one-year extension did not require the Board approval. During the challenging liquidity concerns surrounding the Museum, the Board may elect to provide extension of the internal loan repayment due in 2026.

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Notes to Financial Statements
December 31, 2025 and 2024

9. Endowments (continued)

Endowment Components

The following table summarizes the changes in the endowment funds in 2025 and 2024:

	2025			
	Board Designated	Time or Purpose Restricted	Held in Perpetuity	Total
Endowment net assets, beginning of year	\$ 32,691,312	\$ 585,583	\$ 13,729,185	\$ 47,006,080
Additions	1,331,032	-	-	1,331,032
Investment return	3,692,633	1,584,659	-	5,277,292
Release from restrictions	4,850,000	(4,850,000)	-	-
Appropriation for general operating support including special draws	(4,850,000)	-	-	(4,850,000)
Appropriation for art purchases and direct care	(1,189,980)	-	-	(1,189,980)
Endowment net assets, end of year	<u>\$ 36,524,997</u>	<u>\$ (2,679,758)</u>	<u>\$ 13,729,185</u>	<u>\$ 47,574,424</u>
	2024			
	Board Designated	Time or Purpose Restricted	Held in Perpetuity	Total
Endowment net assets, beginning of year	\$ 31,249,177	\$ (455,214)	\$ 13,729,185	\$ 44,523,148
Additions	654,470	-	-	654,470
Investment return	2,475,870	1,040,797	-	3,516,667
Appropriation for art purchases and direct care	(1,688,205)	-	-	(1,688,205)
Endowment net assets, end of year	<u>\$ 32,691,312</u>	<u>\$ 585,583</u>	<u>\$ 13,729,185</u>	<u>\$ 47,006,080</u>

Special Draws and Funds with Deficiencies

The endowment deficiency occurs when the fair value of certain individual funds declines below historic dollar value of the donor's original contribution to be held in perpetuity. Additionally, the special draws, as deemed necessary by management, supported by the Board of Trustees, may cause donor-restricted endowment funds to be in deficiency.

When this occurs, such excess losses are absorbed by the net assets with donor restrictions of the Museum.

During 2025, in addition to the allowable draw under the investment policy of \$750,000, the Board of Trustees approved an additional special operational draw of \$4,100,000. This resulted in a donor-restricted endowment balance deficiency of \$2,679,758 as of December 31, 2025. The deficiencies of this nature exist in 34 donor-restricted endowment funds, with an original gift value of \$13,729,185, a current fair value of \$11,049,427.

In 2024, due to deficiencies in certain donor-restricted endowment funds, the Museum elected not to take an operating draw from such funds.

As of December 31, 2024, deficiencies of this nature exist in one donor-restricted endowment fund, with an original gift value of \$137,000, a current fair value of \$129,848 and a deficiency of \$7,152.

**The Newark Museum Association
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Notes to Financial Statements
December 31, 2025 and 2024

9. Endowments (continued)

Special Draws and Funds with Deficiencies (continued)

The Museum has interpreted UPMIFA to permit spending from endowments with a deficit in accordance with prudent measures required under law. Continued future appropriations from endowment funds in deficiency will be considered based on current facts and circumstances (See Note 10).

10. Liquidity and Available Resources

The following reflects the Museum's financial assets and available resources as of December 31, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations. Amounts available include the Board-approved appropriations from the endowment fund for the following year. Amounts not available include amounts set aside for operating and other revenues that could be drawn upon with Board approval.

	2025	2024
Financial Assets:		
Cash and cash equivalents	\$ 7,042,526	\$ 6,832,102
Accounts receivable	185,756	169,550
Grants receivable	250,213	275,213
Contributions receivable, net	890,198	1,284,298
Investments	47,574,424	47,006,080
Total Financial Assets	55,943,117	55,567,243
Less: Contractual, donor or internally restricted amounts		
Restricted by donor with time or purpose restrictions	1,554,732	2,485,615
Line of credit collateral	1,000,000	1,000,000
Endowment funds:		
Board designated reserve fund	36,524,997	32,691,312
Donor restricted endowment funds	16,408,943	13,736,337
	55,488,672	49,913,264
Financial assets available within one year	454,445	5,653,979
Liquidity Resources		
Line of credit available	-	2,400,000
Total financial assets and liquidity resources	\$ 454,445	\$ 8,053,979

Based on the most recent information available, the Museum estimates that it will have sufficient liquidity through June 2027 to support its operations.

The Museum's financial assets available for general expenditure are limited in relation to its current obligations. In addition, a portion of net assets is subject to donor-imposed or other restrictions and is therefore not available for general operating use. As of December 31, 2025, approximately \$55 million of the financial assets were restricted, of which approximately \$11 million represents restricted funds that may be available to support operations. In the event the line of credit is not renewed, restricted funds can be authorized for the June 2026 repayment of the \$2,000,000 balance, net of collateral. The use of these restricted funds would cause an increase in the current endowment funds deficiency.

**The Newark Museum Association
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Notes to Financial Statements
December 31, 2025 and 2024

10. Liquidity and Available Resources (continued)

The Museum operates in the nonprofit arts and education sector, which has recently experienced significant economic and social challenges. These conditions contributed to an unanticipated decline in revenues during the year ended December 31, 2025. In response to this shortfall, the Museum had a special draw of \$4,100,000 from the donor restricted endowment, resulting in a deficiency in endowment net assets as of year-end.

The Museum has experienced operating deficits and maintains outstanding debt, including a line of credit. These factors place pressure on liquidity and require active management of cash flow. Liquidity is further affected by the timing of cash inflows and outflows, including contributions, grants, earned revenue, and debt service requirements. Management has developed and is actively implementing a comprehensive plan to improve liquidity, stabilize operations, and address outstanding debt. This includes a diversified and expanded fund development strategy; alignment of operating expenses with current revenue levels, including targeted reductions in non-essential and administrative costs; and continuation of core programs.

As part of this strategy, the Museum is pursuing actions to manage and reduce its debt obligations, including refinancing the existing line of credit, exploring alternative financing arrangements, and, if necessary, utilizing board-designated funds. In parallel, the Museum is coordinating closely with the Board of Trustees and senior leadership to accelerate fundraising efforts and expand earned revenue through programs, admissions, and facility use.

Effective February 1, 2026, the Museum appointed a new Director and Chief Executive Officer to advance its strategic direction and strengthen operational and financial management.

These conditions and management's plans are consistent with the liquidity and availability disclosures included in the notes to the financial statements and reflect information available as of the date these financial statements were available for issuance.

11. Retirement Plans

The Museum is a participant in the multi-employer benefit plans (collectively, the Plans) administered by The Cultural Institutions Retirement System ("CIRS"). Due to negotiations that included the approval of the Cultural Institution and Day Care Council Management Group, the three unions involved in the Bargaining (District Council 37, District Council 1707 and the Council of Supervisors and Administrators), and the City of New York, a new Collective Bargaining Agreement ("CBA") was reached. The five-year CBA covers the period from July 1, 2025 to June 30, 2030. Changes to the Pension and 401(k) Savings Plans were deemed effective July 1, 2025 and affected all CIRS Members (whether or not covered by a collective bargaining agreement) as described below in each section.

**The Newark Museum Association
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Notes to Financial Statements
December 31, 2025 and 2024

11. Retirement Plans (continued)

The risk of participating in a multi-employer plan is different from a single-employer plan in the following aspects:

- a. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If an employer chooses to stop participating in some of its multi-employer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Pension Plan

The Museum participates in The Cultural Institutions Pension Plan (“Pension Plan”), a multi-employer defined benefit plan funded by the participating employers with a fiscal year end of June 30. To be eligible under the Pension Plan, employees must be over 21 years of age and be employed for a period of one year. Participants become 100% vested after five years of service. There are no partial vesting provisions.

CIRS is responsible for administering all aspects of the Pension Plan, including investments of the Pension Plan assets.

The Museum’s participation for the Pension Plan’s fiscal years ended June 30, 2025 and 2024 is outlined in the table below:

Pension Fund	EIN/Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	The Museum Contributions		Surcharge Imposed	Collective Bargaining Agreement Exp. Date
		2025	2024		2025	2024		
The Cultural Institutions Pension Plan	11-2001170 001	Green	Green	N/A	\$ 811,564	\$ 790,285	No	6/30/2030

The zone status is based on information that the Museum received from the plan and is certified by the Pension Plan’s actuary. Green zone status is for plans that are at least 80% funded. The Museum’s contributions to the Pension Plan did not exceed 5% of the plan’s total contributions for the years ended June 30, 2025 and 2024.

Savings Plan

The Museum also participates in The Cultural Institutions Savings Plan (Savings Plan), a CIRS administered Section 401(k) defined contribution plan. Under the Savings Plan, employees make contributions and direct the investment of their funds based on the investment options offered.

CIRS is responsible for administering all aspects of the Savings Plan, including the selection of investment providers.

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Notes to Financial Statements
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11. Retirement Plans (continued)

Group Life and Welfare Plan

The Museum also participates in The Cultural Institutions Group Life and Welfare Plan (“Group Life and Welfare Plan”), a plan administered by CIRS. Participating employers pay the premiums and costs for administration of the Group Life and Welfare Plan. To be eligible under the Group Life and Welfare Plan, full time employees are eligible for life insurance following three months of employment. The premiums provide a death benefit payable by the insurance carrier to designated beneficiaries upon the death of a member. Coverage is determined by the member’s basic annual salary and years of service. The benefit is 200% of salary for members with 10 or more years of service and 100% of salary for members with less than 10 years of service. Coverage is subject to a maximum of \$500,000. At ages 70, 75, and 79, a member’s amount of insurance is reduced.

The Museum’s total contributions to the Plans for the years ended December 31, 2025 and 2024 totaled \$845,157 and \$871,663, which consisted of \$741,136 and \$764,989 for the Pension Plan, \$15,580 and \$14,959 for Group Life and Welfare Plan, and \$88,441 and \$91,715 for plan administration, respectively.

12. Concentrations of Credit and Market Risks

Financial instruments, which potentially subject the Museum to concentrations of credit and market risk, primarily include cash and cash equivalents and investments, which are carried at fair value. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”) are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation (“SIPC”) are insured up to \$500,000 (\$250,000 for cash holdings). At times during the year, cash and investment balances may exceed the FDIC and the SIPC limit. The Museum also places its investments in equity and debt securities at the direction of its Board, while it monitors the credit risks associated with these institutions on an ongoing basis. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment, investment advisor, investment manager or group of investments represents a significant concentration of credit risk.

Grants receivable are due from governmental funding agencies and contributions receivable are primarily with foundations, corporations and individuals.

A concentration of credit risk existed with respect to contributions receivable as 84% and 91% of amounts receivable are due from three donors as of December 31, 2025 and December 31, 2024, respectively. With respect to grants receivable, 99% of amounts receivable are due from one state governmental funding agency as of December 31, 2025 and 91% of amounts receivable are due from one state governmental funding agency as of December 31, 2024. Approximately 47% and 59% of the Museum’s state governmental grant and appropriation revenue was received from one state governmental agency in 2025 and 2024, respectively.

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Notes to Financial Statements
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13. Deaccession

Museums routinely evaluate and revise their collections. The deaccession of the collection is strictly managed and controlled by the Museum's policy and procedures, which are adhering to professional standards, including policies set forth by the Association of Art Museum Directors ("AAMD").

For the years ended December 31, 2025 and 2024, the total proceeds from the sale of collection items were \$1,401,897 and \$755,934, which is included in the statements of activities.

14. Sale of Property and Glass Pavilion

In December 2024, in accordance with the purchase and sale agreement originally signed in 2020 and subsequently amended (the "Agreement"), the Museum consummated the sale of a certain parcel of property to L&M, subject to certain conditions and restrictions, for \$7,070,000.

Simultaneously with the closing of the sale of the property, in accordance with the Agreement, L&M is obligated to buildout the glass pavilion space and to lease it to the Museum for a period of 98 years at \$1 per year. Upon closing of the sale, the Museum paid \$2,000,000 to L&M as a cost of the buildout of the interior of the glass pavilion. The \$2,000,000 buildout payment is included in prepaid expenses and other assets on the 2025 and 2024 statement of financial position and will be amortized over the life of the lease. The construction of glass pavilion is expected to complete by end of 2026.

The Agreement includes an operational component whereby the Museum and L&M share costs for the common amenity space at a 25%/75% ratio, respectively. This space sits between the Museum and the adjacent L&M-owned residential building. Maintenance costs for this area are currently under negotiation.

15. Contingencies

From time to time, the Museum may become involved in legal claims. In the opinion of management, the outcome of any legal proceedings is covered by the Museum's insurance policies and accordingly, would not have a material effect on its financial position or changes in net assets.

16. Risks and Uncertainties

Changes in federal administrative actions, agency guidance, award approvals, reimbursements, or payment timing could continue to affect the Museum's future operations, cash flows, and timing of funding received from governmental sources, including programs supported by federal awards. Changes in federal administrative actions, agency guidance, award approvals, reimbursements, or payment timing could affect the Museum's future operations and cash flows. As of the date these financial statements were available to be issued, management cannot determine the ultimate outcome of these matters or reasonably estimate the range of any potential impact on the Museum's future financial position, changes in net assets, or cash flows. Accordingly, no adjustments have been made to the accompanying financial statements related to this matter.

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