

**WOODMERE ART MUSEUM
AND AFFILIATES
Consolidated Financial Statements
December 31, 2025
With Independent Auditor's Report**

Woodmere Art Museum and Affiliates
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December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Woodmere Art Museum:

Opinion

We have audited the consolidated financial statements of the Woodmere Art Museum and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Woodmere Art Museum and Affiliates as of December 31, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Woodmere Art Museum and Affiliates 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 of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 Woodmere Art Museum and Affiliates' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Woodmere Art Museum and Affiliates' 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 Woodmere Art Museum and Affiliates' 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.

Report on Summarized Comparative Information

We have previously audited the Woodmere Art Museum and Affiliates 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 30, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

June 5, 2026

Woodmere Art Museum and Affiliates
Consolidated Statement of Financial Position
December 31, 2025 (With Summarized Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 626,211	\$ 1,447,192
Contributions and grants receivable	4,649,359	5,300,002
Other receivables	63,333	66,941
Other assets	<u>174,032</u>	<u>129,560</u>
Total current assets	<u>5,512,935</u>	<u>6,943,695</u>
Noncurrent assets		
Long-term contributions receivable, net	718,635	2,246,849
Land, building and equipment, net	27,413,768	17,442,806
Investments	12,285,891	13,921,529
Beneficial interest in perpetual trust	<u>3,468,493</u>	<u>3,188,459</u>
Total noncurrent assets	<u>43,886,787</u>	<u>36,799,643</u>
Total assets	<u>\$ 49,399,722</u>	<u>\$ 43,743,338</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 314,280	\$ 314,280
Accounts payable and accrued expenses	436,203	164,900
Deferred revenue	<u>49,900</u>	<u>45,065</u>
Total current liabilities	<u>800,383</u>	<u>524,245</u>
Long-term debt, net of current portion	<u>602,410</u>	<u>916,690</u>
Total liabilities	<u>1,402,793</u>	<u>1,440,935</u>
Net assets		
Without donor restrictions		
Undesignated	28,013,822	17,635,151
Board designated	<u>3,886,370</u>	<u>3,572,487</u>
	31,900,192	21,207,638
Noncontrolling interest in limited liability company	<u>505,186</u>	<u>195,576</u>
Total without donor restriction	32,405,378	21,403,214
With donor restrictions	<u>15,591,551</u>	<u>20,899,189</u>
Total net assets	<u>47,996,929</u>	<u>42,302,403</u>
Total liabilities and net assets	<u>\$ 49,399,722</u>	<u>\$ 43,743,338</u>

The Notes to Consolidated Financial Statement are an integral part of this statement.

Woodmere Art Museum and Affiliates
Consolidated Statement of Activities
Year Ended December 31, 2025 (With Summarized Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2025	2024
Support and revenue				
Contributions and grants				
Individual	\$ 3,109,230	\$ 624,853	\$ 3,734,083	\$ 5,515,025
Foundation	1,685,009	1,049,291	2,734,300	2,186,290
Government	1,919,084	-	1,919,084	54,416
Corporate	69,220	-	69,220	37,903
Noncash financial assets	50,000	-	50,000	75,000
Education programs	214,911	-	214,911	229,647
Museum store sales	143,684	-	143,684	125,323
Other programs	78,518	-	78,518	46,094
Distributions from beneficial interest in perpetual trust	110,753	(110,753)	-	-
Net assets released from restrictions	<u>8,095,283</u>	<u>(8,095,283)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>15,475,692</u>	<u>(6,531,892)</u>	<u>8,943,800</u>	<u>8,269,698</u>
Expenses				
Program services	3,760,308	-	3,760,308	2,634,242
Supporting Services				
Management and general	284,135	-	284,135	189,801
Development and marketing	<u>915,986</u>	<u>-</u>	<u>915,986</u>	<u>721,783</u>
Total expenses	<u>4,960,429</u>	<u>-</u>	<u>4,960,429</u>	<u>3,545,826</u>
Change in net assets before other income	<u>10,515,263</u>	<u>(6,531,892)</u>	<u>3,983,371</u>	<u>4,723,872</u>
Other income				
Investment income, net	673,839	833,467	1,507,306	1,203,818
Change in value of beneficial interest in perpetual trust	<u>-</u>	<u>390,787</u>	<u>390,787</u>	<u>277,814</u>
Total other income	<u>673,839</u>	<u>1,224,254</u>	<u>1,898,093</u>	<u>1,481,632</u>
Change in net assets related to				
Collection items not capitalized				
Cost of collection items purchased	<u>(647,341)</u>	<u>-</u>	<u>(647,341)</u>	<u>(447,098)</u>
Change in net assets	10,541,761	(5,307,638)	5,234,123	5,758,406
Change attributable to limited liability company	<u>(171,148)</u>	<u>-</u>	<u>(171,148)</u>	<u>(4,424)</u>
Change attributable to the Museum	10,712,909	(5,307,638)	5,405,271	5,762,830
Net assets				
Beginning of year	<u>21,403,214</u>	<u>20,899,189</u>	<u>42,302,403</u>	<u>36,743,997</u>
Syndication costs	(20,355)	-	(20,355)	(400,000)
Equity contribution in MH Owner	<u>480,758</u>	<u>-</u>	<u>480,758</u>	<u>200,000</u>
End of year	<u>\$ 32,405,378</u>	<u>\$ 15,591,551</u>	<u>\$ 47,996,929</u>	<u>\$ 42,302,403</u>

The Notes to Consolidated Financial Statement are an integral part of this statement.

Woodmere Art Museum and Affiliates
Consolidated Statement of Functional Expenses
Year Ended December 31, 2025 (With Summarized Comparative Totals for 2024)

	Program Services				Total Program Services	Support Services		Total Support Services	Total Expenses	
	Collection/ Curator	Education	Exhibitions	Historical Mansion		Management and General	Development and Marketing		2025	2024
Personnel										
Salary	\$ 329,719	\$ 443,192	\$ 205,969	\$ 249,511	\$ 1,228,391	\$ 116,698	\$ 445,244	\$ 561,942	\$ 1,790,333	\$ 1,513,663
Employee benefits	32,867	27,641	12,801	17,668	90,977	12,779	36,673	49,452	140,429	124,433
Payroll taxes	30,150	32,943	11,789	17,874	92,756	8,369	32,940	41,309	134,065	123,102
	<u>392,736</u>	<u>503,776</u>	<u>230,559</u>	<u>285,053</u>	<u>1,412,124</u>	<u>137,846</u>	<u>514,857</u>	<u>652,703</u>	<u>2,064,827</u>	<u>1,761,198</u>
Facilities										
Maintenance and repairs	56,398	55,418	56,385	343,600	511,801	-	-	-	511,801	207,952
Utilities and communications	21,003	40,875	31,058	9,221	102,157	9,498	6,102	15,600	117,757	104,565
	<u>77,401</u>	<u>96,293</u>	<u>87,443</u>	<u>352,821</u>	<u>613,958</u>	<u>9,498</u>	<u>6,102</u>	<u>15,600</u>	<u>629,558</u>	<u>312,517</u>
Office expense										
Computer	6,665	13,673	3,952	5,535	29,825	9,299	20,491	29,790	59,615	29,867
Supplies and printing	7,171	2,700	1,369	1,726	12,966	8,159	19,336	27,495	40,461	38,619
	<u>13,836</u>	<u>16,373</u>	<u>5,321</u>	<u>7,261</u>	<u>42,791</u>	<u>17,458</u>	<u>39,827</u>	<u>57,285</u>	<u>100,076</u>	<u>68,486</u>
Exhibits and programs										
Exhibitions	-	-	433,122	-	433,122	-	-	-	433,122	161,521
Educational programs	-	97,208	-	-	97,208	-	-	-	97,208	94,241
Music series	-	43,027	-	-	43,027	-	-	-	43,027	56,815
Publications	195,557	-	-	-	195,557	-	-	-	195,557	116,079
Other	14,085	4,775	4,775	-	23,635	-	-	-	23,635	300
	<u>209,642</u>	<u>145,010</u>	<u>437,897</u>	<u>-</u>	<u>792,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>792,549</u>	<u>428,956</u>
Organizational										
Advertising/public relations	3,035	13,384	11,936	3,035	31,390	-	164,093	164,093	195,483	126,950
Contractual fees	-	68,274	-	-	68,274	-	-	-	68,274	58,416
Development operating	-	-	-	-	-	-	158,034	158,034	158,034	83,191
Director's expense	11,632	10,047	7,755	1,939	31,373	2,704	11,632	14,336	45,709	38,378
Insurance	25,141	9,706	3,019	21,194	59,060	3,990	1,888	5,878	64,938	102,992
Interest	7,768	7,768	7,768	7,768	31,072	-	-	-	31,072	40,175
Professional fees	-	30,000	-	-	30,000	-	18,300	18,300	48,300	53,000
Legal and accounting	-	-	-	-	-	85,298	-	85,298	85,298	46,390
Storage	-	82,235	-	-	82,235	-	-	-	82,235	76,158
Museum store	27,017	-	-	-	27,017	-	-	-	27,017	12,469
Bad debt	-	-	-	-	-	3,150	-	3,150	3,150	350
Other	3,408	4,047	1,000	1,000	9,455	24,191	1,253	25,444	34,899	14,230
	<u>78,001</u>	<u>225,461</u>	<u>31,478</u>	<u>34,936</u>	<u>369,876</u>	<u>119,333</u>	<u>355,200</u>	<u>474,533</u>	<u>844,409</u>	<u>652,699</u>
Total expenses before depreciation	771,616	986,913	792,698	680,071	3,231,298	284,135	915,986	1,200,121	4,431,419	3,223,856
Depreciation	176,337	-	176,337	176,336	529,010	-	-	-	529,010	321,970
Total functional expenses	<u>\$ 947,953</u>	<u>\$ 986,913</u>	<u>\$ 969,035</u>	<u>\$ 856,407</u>	<u>\$ 3,760,308</u>	<u>\$ 284,135</u>	<u>\$ 915,986</u>	<u>\$ 1,200,121</u>	<u>\$ 4,960,429</u>	<u>\$ 3,545,826</u>

The Notes to Consolidated Financial Statement are an integral part of this statement.

Woodmere Art Museum and Affiliates
Consolidated Statement of Cash Flows
Year Ended December 31, 2025 (With Summarized Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Operating activities		
Change in net assets	\$ 5,234,123	\$ 5,758,406
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	529,010	321,970
Net realized and unrealized gain on investments	(1,000,802)	(635,577)
Change in beneficial interest in perpetual trust	(280,034)	(177,912)
Change in discount on contributions and grants receivable, net	(428,872)	(75,000)
Change in operating assets and liabilities		
Contributions and grants receivable, net	2,607,729	1,143,399
Other receivables	3,608	(123,666)
Other assets	(44,472)	93,492
Accounts payable and accrued expenses	271,303	57,752
Deferred revenue	4,835	12,327
Net cash provided by operating activities	<u>6,896,428</u>	<u>6,375,191</u>
Investing activities		
Purchase of land, building and equipment	(10,499,972)	(8,437,170)
Proceeds from sale of investments	6,241,816	6,437,483
Purchase of investments	<u>(3,605,376)</u>	<u>(5,136,766)</u>
Net cash used in investing activities	<u>(7,863,532)</u>	<u>(7,136,453)</u>
Financing activities		
Equity investment in MH Owner	460,403	(200,000)
Repayments of long-term debt	<u>(314,280)</u>	<u>(314,280)</u>
Net cash provided by (used in) financing activities	<u>146,123</u>	<u>(514,280)</u>
Net change in cash and cash equivalents	(820,981)	(1,275,542)
Cash and cash equivalents		
Beginning of year	<u>1,447,192</u>	<u>2,722,734</u>
End of year	<u>\$ 626,211</u>	<u>\$ 1,447,192</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 31,072</u>	<u>\$ 40,175</u>

The Notes to Consolidated Financial Statement are an integral part of this statement.

Woodmere Art Museum and Affiliates

Notes to Consolidated Financial Statement

December 31, 2025

1. PRINCIPLES OF CONSOLIDATION AND NATURE OF OPERATIONS

The consolidated financial statements include the accounts of the Woodmere Art Museum (the "Museum"), MH Manager, LLC ("MH Manager") and MH Owner, LLC ("MH Owner"). All significant intercompany accounts and transactions have been eliminated in consolidation. MH Manager, LLC and MH Owner, LLC are collectively referred to as "Affiliates".

The Museum is a nonprofit institution whose official mission statement is to inspire creativity, learning and self-expression through experiences with the art and artists of Philadelphia and the region.

MH Manager, LLC ("MH Manager") is a Philadelphia corporation organized in 2024 to manage and operate the operating building occupied by MH Owner, LLC.

MH Owner, LLC ("MH Owner") is a Philadelphia corporation organized in 2024. MH Owner leases from MH Manager under a formal lease agreement. MH Manager is the managing member of MH Owner with a 1% interest in MH Owner. CSI Historic Fund Equity, LLC ("The Consortium") is the limited member with a 99% non-controlling interest in MH Owner.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). As a result, revenues are recognized when earned and expenses are recognized when incurred.

Consolidated Financial Statements Presentation

The Museum and Affiliates report information regarding their financial position and activities according to the following classes of net assets:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets to function as an unrestricted endowment.

Net Assets With Donor Restrictions: Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Museum and Affiliates and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as "net assets released from restrictions."

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets be maintained indefinitely while permitting the Museum and Affiliates to expend the income generated in accordance with the provisions of the contribution.

Measure of Operations

The consolidated statement of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. The Museum and Affiliates include in their measure of operations all revenues and expenses that are integral to their program services and supporting services. The measure of operations excludes non-operating activities, which are limited primarily to returns from investments, change in value of beneficial interest in perpetual trust, cost of collection items purchases and other activities considered to be of a non-operating nature.

Woodmere Art Museum and Affiliates

Notes to Consolidated Financial Statement

December 31, 2025

Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the disclosure of contingent assets and liabilities, as well as the reported amounts of revenues and expenses during the reported period. Actual results could vary from those estimates. Significant estimates include the net realizable value of receivables, the fair value of investments, the depreciable lives of land, building and equipment, net and the allocation of functional expenses.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Museum and Affiliates. Unobservable inputs reflect the Museum and Affiliates' assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Museum and Affiliates have the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024.

Money Market Funds, Mutual Funds and Exchange Traded Funds: Valued at quoted prices for identical assets or liabilities in active markets that the Museum and Affiliates have the ability to access.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Museum and Affiliates believe their valuation methods are appropriate and consistent, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Cash and Cash Equivalents

Cash equivalents include short-term, highly liquid investments with a maturity date of three months or less on the date of acquisition, except for those included in the investment portfolio.

Woodmere Art Museum and Affiliates
Notes to Consolidated Financial Statement
December 31, 2025

Contributions and Grants Receivable

The Museum and Affiliates record unconditional contributions and grants receivable that are expected to be collected within one year at net realizable value. Contributions and grants receivable with expected collection past one year are recorded at net present value using risk-free rates applicable to the years in which the promises are received. The Museum and Affiliates monitor the collectability of these receivables and an allowance for uncollectable promises to give is recorded based on historical experience, an assessment of economic conditions, and a review of subsequent collections (see Note 3).

Investments

The Museum records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Investment income, net is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less external and direct internal investment expenses. Investment income, net is reported in net assets without donor restrictions unless its use is restricted by explicit donor stipulation or by law. Purchases and sales of investments are recorded on a settlement date basis and the cost of securities sold is determined using the specific identification method.

Dividends and interest are recognized as earned. Net realized gains or losses and changes in net appreciation or depreciation in fair value are determined by comparing cost to proceeds and fair market value, respectively. Gains and losses on sales of securities are recorded in the statement of activities in the period in which the securities are sold.

Land, Building and Equipment, Net

Land, building and equipment are recorded at cost less accumulated depreciation. Expenditures for additions, improvements, and other enhancements to land, building and equipment are capitalized, and minor replacements, maintenance, and repairs that do not extend asset life or add value are charged to expense as incurred. When land, building and equipment assets are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the consolidated statement of activities. Depreciation of property and equipment is provided on a straight-line basis over each asset's estimated useful life, ranging from 3 to 40 years. Depreciation expense was \$529,010 and \$321,970 for the years ended December 31, 2025 and 2024, respectively.

Impairment of Long-Lived Assets

The Museum reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. During the years ended December 31, 2025 and 2024, there was no impairment losses recognized for long-lived assets.

Collections

The Museum's collections are made up of works of art, artifacts of historical significance and art objects that are held for educational and curatorial purposes. Each of the items is catalogued, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously.

Woodmere Art Museum and Affiliates

Notes to Consolidated Financial Statement

December 31, 2025

In conformity with the practice adopted by many museums and in accordance with the provisions of FASB ASC 958-605, the Museum does not capitalize donated works of art and collections or recognize them as revenues or gains. The Museum has a policy that requires the proceeds from sales of collection items to be used to acquire other items for its collection and/or the direct care and preservation of the Museum's existing collections. Direct care includes investing in the existing collection to enhance the life, usefulness or quality, and thereby ensuring the collection will continue to benefit the public. The cost of all objects purchased is reported as a separate program expense.

Revenue Recognition for Contracts with Customer

The Museum and Affiliates account for revenue from contracts with customers as exchange transactions in the consolidated statement of activities as revenue without donor restrictions.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Museum and Affiliates perform the following steps in accordance with Topic 606: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) the Museum and Affiliates' satisfy each performance obligation.

The Museum recognizes revenue from educational programs, other programs and store sales when performance obligations are satisfied. The performance obligations are fulfilled, and revenue is recognized, when admission is delivered to the customer or goods are transferred to the customer. Program fees paid in advance are recorded as deferred revenue and recognized when admission is delivered to the customer.

Deferred revenue at December 31, 2025 is expected to be recognized as revenue during 2026. Deferred revenue of \$45,065 at December 31, 2024 was recognized as revenue during 2025. Deferred revenue of \$32,738 at December 31, 2023 was recognized as revenue during 2024.

Contributions and Grants

Contributions and grants received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor restricted contributions and grants whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional contributions and grants are recognized when the related promise to give is received. Conditional contributions and grants, that is, those with a measurable performance or other measurable barriers, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the consolidated statement of activities and detailed by natural classification within the consolidated statement of functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include personnel and certain organizational costs which have been allocated based on estimates of time and effort. Facility costs are allocated based on square footage.

Advertising

The Museum expenses advertising costs as incurred. For the years ended December 31, 2025 and 2024, advertising expenses were \$195,483 and \$126,950, respectively.

Woodmere Art Museum and Affiliates

Notes to Consolidated Financial Statement

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Syndication Costs

Syndication costs represent costs incurred in connection with the syndication of the limited liability companies interests. These costs are reflected as a direct reduction of member's capital accounts in the initial year of the fund. For the years ended December 31, 2025 and 2024, syndication costs were \$20,355 and \$400,000, respectively.

Income Tax Status

The Museum is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Museum has been classified as an organization other than a private foundation under Section 509(a)(1).

The Affiliates are classified as a limited liability companies for United States federal income tax purposes. As a result, the Affiliates file partnership returns.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain tax positions. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the consolidated financial statements. The Museum and Affiliates believe that they had no uncertain tax positions as defined in GAAP.

Concentrations and Concentration of Credit Risk

The Museum and Affiliates have significant cash balances at financial institutions which throughout the year regularly exceed the amounts insured by either the Federal Deposit Insurance Corporation for up to \$250,000 or the Securities Investor Protection Corporation. Any loss incurred or lack of access to such funds could have a significant adverse impact on the Museum and Affiliates' financial condition, change in net assets, and cash flows.

The Museum and Affiliates invest in various investment securities that are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statement of financial position.

Summarized Prior Year Information

The consolidated financial statements include certain prior-year summarized comparative information in total for comparative purposes. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Museum and Affiliates consolidated financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying 2024 consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

Management has evaluated subsequent events through June 5, 2026, the date on which the consolidated financial statements were available to be issued. No subsequent events have occurred that require recognition or disclosure in the consolidated financial statements.

Woodmere Art Museum and Affiliates
Notes to Consolidated Financial Statement
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3. CONTRIBUTIONS AND GRANTS RECEIVABLE, NET

Contributions and grants receivable were as follows as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Less than one year	\$ 4,649,359	\$ 5,300,002
One to five years	<u>828,635</u>	<u>2,785,721</u>
	5,477,994	8,085,723
Less: Discounts to net present value	<u>(110,000)</u>	<u>(538,872)</u>
Contributions and grants receivable, net	<u>\$ 5,367,994</u>	<u>\$ 7,546,851</u>

4. INVESTMENTS

Investments consisted of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Money market funds	\$ 2,063,738	\$ 3,200,958
Mutual funds		
Fixed income	2,845,351	2,969,051
Equity		
Domestic	4,278,144	5,142,410
International	2,240,378	1,866,501
Exchange traded funds		
Commodities	340,855	258,053
Real estate	<u>517,425</u>	<u>484,556</u>
	<u>\$ 12,285,891</u>	<u>\$ 13,921,529</u>

Investment income, net consisted of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 589,671	\$ 648,184
Net realized and unrealized gains	1,000,802	635,577
Investment management fees	<u>(83,167)</u>	<u>(79,943)</u>
	<u>\$ 1,507,306</u>	<u>\$ 1,203,818</u>

Woodmere Art Museum and Affiliates
Notes to Consolidated Financial Statement
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5. LAND, BUILDING AND EQUIPMENT, NET

Land, building and equipment, net consisted of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ 670,215	\$ 670,215
Building and improvements	28,170,818	8,638,432
Furniture and fixtures	1,509,302	306,554
Parking lot/stormwater	1,784,747	1,686,577
Construction-in-progress	<u>-</u>	<u>10,333,332</u>
	32,135,082	21,635,110
Less: Accumulated depreciation	<u>(4,721,314)</u>	<u>(4,192,304)</u>
	<u>\$ 27,413,768</u>	<u>\$ 17,442,806</u>

6. BENEFICIAL INTEREST IN PERPETUAL TRUST

The Museum has been named as an irrevocable beneficiary of a perpetual trust held and administered by an independent trustee. This trust was created independently by a donor and is administered by outside agents designated by the donor. The Museum has neither possession nor control over the assets of the trust. At the date the Museum receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statement of activities and a beneficial interest in perpetual trust is recorded in the consolidated statement of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interest in the perpetual trust is reported at fair value in the consolidated statement of financial position, with changes in fair value recognized in the consolidated statement of activities. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions.

7. LONG-TERM DEBT AND INTEREST RATE SWAP AGREEMENT

The Museum has a revolving credit line agreement for \$3,200,000. Before entering into an interest rate swap agreement, the credit line was payable in monthly installments of interest at the one-month Secured Overnight Financing rate ("SOFR") and was due on demand. The credit line is secured by a portion of the Museum's brokerage account held at Glenmede Trust Company, as defined by the credit line agreement. At December 31, 2025 and 2024, the balance of long term debt was \$916,690 and \$1,230,970.

In November 2021, the Museum entered into an interest rate swap agreement to manage its interest rate risk on the revolving credit line. Under the terms of the swap agreement, the Museum pays monthly installments of principal in the amount of \$26,190 plus interest at a fixed rate of 2.82% and both the credit line and the swap agreement mature in November 2028. The floating rate option for each calculation period under the interest rate swap agreement is the one-month SOFR with a spread of 1.40%. The SOFR rate was 5.14% and 5.33% at December 31, 2025 and 2024, respectively. The outstanding notional principal balance of the swap agreement was \$916,690 and \$1,230,970 at December 31, 2025 and 2024, respectively. The fair value of the Museum's interest rate swap agreement was \$25,720 in favor of the Museum at December 31, 2025.

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By using a derivative instrument, the Museum is exposed to credit risk. If the counterparty fails to perform, credit risk is equal to the extent of the fair value gain in a derivative. When fair value of a derivative contract is positive, this generally indicates that the counterparty owes the Museum, and therefore, creates a repayment risk for the Museum. When the fair value of a derivative is negative, the Museum owes the counterparty, and therefore, it has a repayment risk. The Museum minimizes credit risk in derivative instruments by entering into transactions with highly-rated counterparties.

Aggregate future maturities of long-term debt are as follows:

2026	\$ 314,280
2027	314,280
2028	<u>288,130</u>
	<u>\$ 916,690</u>

8. BOARD DESIGNATED ASSETS

Board designated net assets are designated to function as an endowment whose income is available for the following purposes at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Acquisition of art for permanent collection	\$ 112,879	\$ 93,817
Building improvements and operations	<u>3,773,491</u>	<u>3,478,670</u>
	<u>\$ 3,886,370</u>	<u>\$ 3,572,487</u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>Balance December 31, 2024</u>	<u>Additions</u>	<u>Released from Restrictions</u>	<u>Balance December 31, 2025</u>
Subject to expenditure for specified purpose or period				
Art acquisitions	\$ 18,991	\$ 10,062	\$ (3,100)	\$ 25,953
Art conservation	-	9,400	-	9,400
Juried prizes	23,578	8,947	-	32,525
Art scholarships	6,502	5,842	(2,000)	10,344
Education	189,633	156,375	(61,586)	284,422
Exhibits	711,495	104,225	(424,205)	391,515
Strategic advancement	515,942	133,027	-	648,969
Frances M. Maguire Hall for Art and Education at Woodmere Art Museum	10,711,677	139,180	(7,097,904)	3,752,953
Capital improvements	10,778	-	-	10,778
Outdoor experience	19,330	-	(9,200)	10,130
Film series	903	963	-	1,866
Foundation IMLS Relief	-	350,000	-	350,000
Subsequent year operations	<u>375,000</u>	<u>531,873</u>	<u>(260,810)</u>	<u>646,063</u>
	<u>12,583,829</u>	<u>1,449,894</u>	<u>(7,858,805)</u>	<u>6,174,918</u>

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Notes to Consolidated Financial Statement
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	<u>Balance</u> <u>December 31,</u> <u>2024</u>	<u>Additions</u>	<u>Released</u> <u>from</u> <u>Restrictions</u>	<u>Balance</u> <u>December 31,</u> <u>2025</u>
To be maintained indefinitely				
Endowments				
Various department salaries	\$ 3,645,842	\$ 492,521	\$ (172,060)	\$ 3,966,303
Scholarships	78,033	6,935	(2,230)	82,738
Juried prizes	60,605	-	-	60,605
Exhibition	493,303	66,655	(23,236)	536,722
Archives	264,578	35,740	(12,496)	287,822
Art conservation	150,620	20,347	(7,112)	163,855
Education	287,026	38,773	(13,552)	312,247
Landscape fund	-	378,056	-	378,056
Other programs	146,894	18,690	(5,792)	159,792
Beneficial interest in a perpetual trust	<u>3,188,459</u>	<u>390,787</u>	<u>(110,753)</u>	<u>3,468,493</u>
	<u>8,315,360</u>	<u>1,448,504</u>	<u>(347,231)</u>	<u>9,416,633</u>
	<u>\$ 20,899,189</u>	<u>\$ 2,898,398</u>	<u>\$ (8,206,036)</u>	<u>\$ 15,591,551</u>

10. ENDOWMENT FUNDS

An accounting standard exists which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Museum is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The Museum used a 5.0% spending rate in 2025 and 2024 to determine the amount of donor-restricted endowment earnings to be allocated to operations from internally managed endowments. The spending rate, which is subject to review by the Museum's Board of Directors, is applied to a moving average of annual donor-restricted endowment levels over the period of three years. In addition, all distributions from outside trusts are credited to operations.

The use of income from certain donor restricted endowment funds is subject to donor-imposed restrictions. Dividends, interest and net realized gains on these assets, net of withdrawn funds for unrestricted purposes, are recorded as increases in net assets without donor restrictions.

The following tables summarize the changes in invested endowment net assets for the years ended December 31, 2025 and 2024:

	<u>Board</u> <u>Designated</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2024	\$ 3,416,560	\$ 4,894,536	\$ 8,311,096
Contributions	-	21,905	21,905
Investment income, net	326,662	451,792	778,454
Appropriation for expenditure	(165,347)	(241,332)	(406,679)
Appropriation for art acquisition and conservation	<u>(5,388)</u>	<u>-</u>	<u>(5,388)</u>
Endowment net assets, December 31, 2024	<u>\$ 3,572,487</u>	<u>\$ 5,126,901</u>	<u>\$ 8,699,388</u>

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	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2025	\$ 3,572,487	\$ 5,126,901	\$ 8,699,388
Contributions	-	50,500	50,500
Investment income, net	482,660	682,217	1,164,877
Appropriation for expenditure	(163,837)	(236,478)	(400,315)
Appropriation for art acquisition and conservation	<u>(4,940)</u>	<u>-</u>	<u>(4,940)</u>
Endowment net assets, December 31, 2025	<u>\$ 3,886,370</u>	<u>\$ 5,623,140</u>	<u>\$ 9,509,510</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Museum to retain as a fund of perpetual duration. There were no funds with deficiencies at December 31, 2025 and 2024. The Museum' policy permits spending from underwater endowments depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

11. ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

The following is a summary of assets and liabilities measured at fair value on a recurring basis and the valuation inputs used to value them:

<u>Description</u>	<u>Balance December 31, 2025</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Investments				
Cash and cash equivalents	\$ 2,063,738	\$ 2,063,738	\$ -	\$ -
Mutual funds and exchange traded funds	<u>10,222,153</u>	<u>10,222,153</u>	<u>-</u>	<u>-</u>
Total investments	12,285,891	12,285,891	-	-
Beneficial interest in perpetual trust	<u>3,468,493</u>	<u>-</u>	<u>-</u>	<u>3,468,493</u>
	<u>\$ 15,754,384</u>	<u>\$ 12,285,891</u>	<u>\$ -</u>	<u>\$ 3,468,493</u>

<u>Description</u>	<u>Balance December 31, 2024</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Investments				
Cash and cash equivalents	\$ 3,200,958	\$ 3,200,958	\$ -	\$ -
Mutual funds and exchange traded funds	<u>10,720,571</u>	<u>10,720,571</u>	<u>-</u>	<u>-</u>
Total investments	13,921,529	13,921,529	-	-
Beneficial interest in perpetual trust	<u>3,188,459</u>	<u>-</u>	<u>-</u>	<u>3,188,459</u>
	<u>\$ 17,109,988</u>	<u>\$ 13,921,529</u>	<u>\$ -</u>	<u>\$ 3,188,459</u>

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Level 3 assets had distributions of \$110,753 and \$99,902 in the consolidated statement of activities for the years ended December 31, 2025 and 2024, respectively. Level 3 assets had gains of \$390,787 and \$277,814 in the statement of activities for the years ended December 31, 2025 and 2024, respectively.

12. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Museum's financial assets as of the statement of financial position date, which have been reduced by financial assets not available within one year.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 626,211	\$ 1,447,192
Contributions and grants receivable, net	5,367,994	7,546,851
Other receivables	63,333	66,941
Investments	12,285,891	13,921,529
Budgeted distribution from beneficial interest in perpetual trust	125,940	99,902
Budgeted endowment spending-rate distributions and appropriations	<u>438,626</u>	<u>399,682</u>
Total financial assets	18,907,995	23,482,097
Less: Financial assets not available for general expenditures within one year		
Board designated	(3,886,370)	(3,572,487)
Perpetually restricted	(5,948,140)	(5,126,901)
Donor restricted for purpose or period	<u>(5,997,627)</u>	<u>(12,583,829)</u>
Total financial assets available within one year for general expenditures	<u>\$ 3,075,858</u>	<u>\$ 2,198,880</u>

Liquidity Management

The Museum receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition to financial assets available to meet general expenditures over the next twelve months, the Museum operates with a balanced budget and anticipates collecting sufficient revenue to cover budgeted expenditures.

As part of the Museum's liquidity management plan, the Museum invests cash in excess of daily requirements in short-term investments and money market funds. Occasionally, the Board designates a portion of any operating surplus for capital improvements and other future projects. These funds can be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities.

13. HISTORIC TAX CREDIT TRANSACTIONS

The Museum entered into historic tax credit ("HTC") transactions in September 2024 in order to fund certain costs associated with renovations and restoration of certain improvements of The Frances M. Maguire Hall for Art and Education at Woodmere Art Museum in Philadelphia.

MH Owner was created to facilitate the execution of the HTC transaction. Based on the criteria for consolidation under ASC 958, the accounts and transactions of MH Owner are consolidated with those of the Museum. The Museum is the sole member of MH Manager which serves as the managing member of MH Owner and has a 1% economic interest in MH Owner.

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The Museum transferred to MH Owner approximately \$9,060,000 and \$10,545,000 for the purchase of land, buildings, improvements, and equipment during the years ended December 31, 2025 and 2024, respectively. The Consortium transferred \$480,785 and \$200,000 to MH Owner during the years ended December 31, 2025 and 2024, respectively. Concurrent with the contribution of the building, the Museum and MH Owner have entered into a lease agreements for the Museum to lease back the use of the building for operations.

14. CHANGE IN CONSOLIDATED NET ASSETS WITHOUT DONOR RESTRICTIONS

As of December 31, 2025 and 2024 the non-controlling interest in MH Owner was \$505,186 and \$195,576 classified as net assets without donor restrictions, respectively. The decrease from the original equity investment reflects the 99% non-controlling interest share of the change in net assets of MH Owner. The net assets and changes in net assets attributable to the noncontrolling interest are presented separately in the consolidated statement of financial position and the consolidated statement of activities. No donor-imposed restrictions apply to the non-controlling interest. The non-controlling interest holders are entitled to their proportionate share of the change in net assets of MH Owner as stipulated in the operating agreement. MH Owner's change in net assets was a loss of \$172,877 and \$4,469, with a loss of \$1,729 and \$45 attributable to the Museum, for the year ended December 31, 2025 and 2024, respectively.

The following tables summarize the change in net assets without donor restriction for the years ended December 31, 2025 and 2024:

	<u>Total</u>	<u>Without Donor Restriction</u>	
		<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>
Balance January 1, 2024	\$ 13,361,644	\$ 13,361,644	\$ -
Equity contribution in MH Owner	200,000	-	200,000
Syndication costs	(400,000)	(400,000)	-
Change in net assets from operations	<u>8,241,570</u>	<u>8,245,994</u>	<u>(4,424)</u>
Balance December 31, 2024	<u>\$ 21,403,214</u>	<u>\$ 21,207,638</u>	<u>\$ 195,576</u>

	<u>Total</u>	<u>Without Donor Restriction</u>	
		<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>
Balance January 1, 2025	\$ 21,403,214	\$ 21,207,638	\$ 195,576
Equity contribution in MH Owner	480,758	-	480,758
Syndication costs	(20,355)	(20,355)	-
Change in net assets from operations	<u>10,541,761</u>	<u>10,712,909</u>	<u>(171,148)</u>
Balance December 31, 2025	<u>\$ 32,405,378</u>	<u>\$ 31,900,192</u>	<u>\$ 505,186</u>