Asian Art Museum Foundation of San Francisco

Financial Statements

June 30, 2026
(With Comparative Totals for 2025)

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Asian Art Museum Foundation of San Francisco

Opinion

We have audited the accompanying financial statements of Asian Art Museum Foundation of San Francisco (the "Foundation"), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses, and cash flows for the year 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 Asian Art Museum Foundation of San Francisco as of June 30, 2026, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Asian Art Museum Foundation of San Francisco 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Asian Art Museum Foundation of San Francisco's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 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 Asian Art Museum Foundation of San Francisco's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Asian Art Museum Foundation of San Francisco'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.

Report on Summarized Comparative Information

We have previously audited Asian Art Museum Foundation of San Francisco's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

San Ramon, California

November 16, 2026

Asian Art Museum Foundation of San Francisco
Statement of Financial Position
June 30, 2026
(With Comparative Totals for 2025)
(In thousands)

	2026	2025
ASSETS		
Assets		
Cash and cash equivalents	$ 5,349	$ 2,081
Investments	22,559	24,209
Short-term investments - restricted	6,376	6,364
Accounts and other receivables	240	-
Contributions receivable, net	3,080	1,635
Inventory, prepaids, and other assets	878	852
Operating lease right-of-use asset	424	-
Contributions receivable for long-term, net	620	1,101
Furniture, fixtures and equipment, net	1,390	1,660
Beneficial interest in Asian Art Museum building, net	103,141	106,866
Investments held for endowment	106,032	90,575
Investments held in trusts	1,067	971
Total assets	$ 251,156	$ 236,314
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,985	$ 2,993
Deferred revenue and deposits	358	242
Interest payable	502	525
Loan payable, net	65,304	68,300
Operating lease liability	430	-
Total liabilities	68,579	72,060
Net assets		
Without donor restrictions	69,357	67,633
With donor restrictions	113,220	96,621
Total net assets	182,577	164,254
Total liabilities and net assets	$ 251,156	$ 236,314

The accompanying notes are an integral part of these financial statements.

Asian Art Museum Foundation of San Francisco
Statement of Activities
For the Year Ended June 30, 2026
(With Comparative Totals for 2025)
(In thousands)

	Without Donor Restrictions	With Donor Restrictions	2026 Total	2025 Total
Revenues, gains, and other support				
Contributions and grants	$ 10,180	$ 9,373	$ 19,553	$ 5,982
City appropriation	12,017	-	12,017	11,313
Admissions	1,287	-	1,287	1,129
Membership	1,153	-	1,153	1,125
Investment income, net	3,492	13,309	16,801	11,688
Change in fair value of split interest agreements and commercial real estate	37	72	109	183
Tours and special events	2,271	-	2,271	1,401
Museum shop, net of cost of goods sold	433	-	433	426
Facilities rental gross profit	807	-	807	553
Other	2,096	-	2,096	2,194
Net assets released from restriction	6,155	(6,155)	-	-
Total revenues, gains, and other support	39,928	16,599	56,527	35,994
Functional expenses				
Program	24,536	-	24,536	25,977
Management and general	8,821	-	8,821	9,009
Fundraising	4,847	-	4,847	4,432
Total functional expenses	38,204	-	38,204	39,418
Change in net assets	1,724	16,599	18,323	(3,424)
Net assets, beginning of year	67,633	96,621	164,254	167,678
Net assets, end of year	$ 69,357	$ 113,220	$ 182,577	$ 164,254

The accompanying notes are an integral part of these financial statements.

Asian Art Museum Foundation of San Francisco
Statement of Functional Expenses
For the Year Ended June 30, 2026
(With Comparative Totals for 2025)
(In thousands)

	Program	Management and General	Fundraising	2026 Total	2025 Total
Salaries and wages	$ 10,509	$ 3,271	$ 1,921	$ 15,701	$ 15,968
Depreciation and amortization	3,342	1,040	611	4,993	4,966
Interest	2,097	654	384	3,135	3,272
Employee benefits	1,760	540	303	2,603	2,546
Fees for services	875	648	659	2,182	1,788
Retirement plan contributions	799	229	165	1,193	1,239
Payroll taxes	783	201	184	1,168	1,152
Utilities	278	835	-	1,113	956
Advertising and promotion	831	4	4	839	708
Insurance	706	113	-	819	832
Building maintenance	301	504	-	805	745
Information and technology	334	336	13	683	696
Office expense	273	280	11	564	635
Art acquisitions	484	-	-	484	557
Printing and publication	148	1	228	377	400
Supplies	310	40	2	352	842
Meals and entertainment	27	10	293	330	962
Rent	163	81	-	244	237
Travel	170	10	48	228	254
Shipping and freight	201	6	20	227	404
Participation fees	109	-	-	109	202
Miscellaneous	21	12	1	34	38
Conferences and meetings	15	6	-	21	19
Total functional expenses	$ 24,536	$ 8,821	$ 4,847	$ 38,204	$ 39,418

The accompanying notes are an integral part of these financial statements.

Asian Art Museum Foundation of San Francisco
Statement of Cash Flows
For the Year Ended June 30, 2026
(With Comparative Totals for 2025)
(In thousands)

	2026	2025
Cash flows from operating activities		
Change in net assets	$ 18,323	$ (3,424)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	4,993	4,966
Amortization of operating lease right-of-use asset	68	-
Non-cash interest expense	14	14
Net realized and unrealized gains on investments	(14,137)	(9,154)
Change in fair value of split interest agreements and commercial real estate	(109)	(183)
Contributions restricted for long-term purposes	-	(50)
Contributions restricted for endowment	(4,896)	(474)
Loss on uncollectible contributions receivable	172	905
Changes in operating assets and liabilities		
Contributions receivable, net	(1,617)	474
Accounts and other receivables	(240)	-
Inventory, prepaids, and other assets	(26)	239
Accounts payable and accrued expenses	(1,008)	(387)
Deferred revenue and deposits	116	24
Interest payable	(23)	(22)
Operating lease liability	(62)	-
Net cash provided by (used in) operating activities	1,568	(7,072)
Cash flows from investing activities		
Purchases of furniture, fixtures and equipment	(688)	(722)
Purchases of building improvements related to beneficial interest in Asian Art Museum building	(310)	(26)
Purchases of investments	(37,650)	(22,340)
Proceeds from sales/maturities of investments	37,981	30,327
Net cash provided by (used in) investing activities	(667)	7,239
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	481	477
Proceeds from contributions restricted for endowment	4,896	474
Principal payments on loan payable	(3,010)	(2,870)
Net cash provided by (used in) financing activities	2,367	(1,919)
Net increase (decrease) in cash and cash equivalents	3,268	(1,752)
Cash and cash equivalents, beginning of year	2,081	3,833
Cash and cash equivalents, end of year	$ 5,349	$ 2,081

The accompanying notes are an integral part of these financial statements.

Asian Art Museum Foundation of San Francisco
Statement of Cash Flows
For the Year Ended June 30, 2026
(With Comparative Totals for 2025)
(In thousands)

	2026	2025
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 3,144	$ 3,269
Supplemental schedule of noncash investing and financing activities		
Operating lease right-of-use asset obtained in exchange for operating lease liability	$ 492	$ -

The accompanying notes are an integral part of these financial statements.

Asian Art Museum Foundation of San Francisco
Notes to Financial Statements
June 30, 2026
(In thousands)

1. NATURE OF OPERATIONS

Founded in 1969 as a nonprofit public benefit corporation, the Asian Art Museum Foundation of San Francisco (the "Foundation") manages and operates the Asian Art Museum of San Francisco (the "Museum") in conjunction with the City and County of San Francisco (the "City"). The Museum is governed by the Asian Art Commission (the "Commission"), established under the City charter, and by the Foundation's Board of Trustees (the "Trustees").

The Museum's mission is to celebrate, preserve, and promote Asian and Asian American art and cultures for local and global audiences, acting as a dynamic forum for exchanging ideas, inviting collaboration, and fueling imagination to deepen understanding and empathy among people of all backgrounds. The Museum fulfills this mission through its world class collections, thought-provoking exhibitions, educational programs, scholarly research, conservation efforts, and strategic acquisitions.

The City owns the land and building in which the Museum operates, as well as the permanent collections, and provides partial operating support through an in-kind contribution for the safeguarding, care, and maintenance of these assets. The Foundation has rent-free use of the facilities and collections, and supports the Museum for all remaining costs not funded by the City, primarily through past and ongoing fundraising activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable for not-for-profit organizations. Accordingly, net assets and revenues, gains and losses, and other support are classified based on the existence or absence of donor-imposed restrictions.

Net assets

The Foundation's financial statements are presented on the basis of accounting for not-for-profit organizations, with separate accounting for net assets without donor restrictions and net assets with donor restrictions in accordance with GAAP as follows:

- *Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and Trustees. Net assets without donor restrictions may be designated for specific purposes by the Trustees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets (continued)

- *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. In accordance with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), earnings on net assets to be held in perpetuity are considered donor restricted until appropriated for expenditure by the Trustees, unless otherwise specified by the donor.

Donor restricted contributions are reported as increases in net assets with donor restrictions, even if restrictions are met in the same year. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Investment income and gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law.

Cash and cash equivalents

Cash and cash equivalents consist of demand accounts and highly liquid investments purchased with an original maturity of three months or less.

Short-term investments - restricted

The short-term investments restricted for the loan reserve are required to be held in a reserve fund and are related to the loan payable. The short-term investments are invested in money market funds and federal obligations that have terms of less than one year and will be held to maturity.

Investment and fair value measurements

Investments are reflected in the statement of financial position at fair value with changes in realized and unrealized gains and losses resulting from changes in fair value reflected in the statement of activities as investment income or loss. Publicly traded investments in active markets are reported at the market closing. Investment transactions are recorded on a trade-date basis (for publicly traded investments) or upon closing of the transaction (for private investments).

- *Level 1* - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments, which would generally be included in Level 1, includes listed equity securities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment and fair value measurements (continued)

- *Level 2* - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not identical as those used in Level 1. These inputs may include quoted prices for identical instruments on an inactive market. Fair value is determined through the use of models or other valuation methodologies.
- *Level 3* - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation by management. The types of investments, which would generally be included in this category include investments held in trusts and commercial real estate. The commercial real estate is valued based upon recent property appraisal, changes in real estate market values, and sales of comparable properties.

The Foundation uses the Net Asset Value ("NAV") to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. See Note 4 for investments presented within the fair value hierarchy.

Investments held in trusts

Charitable remainder trusts are stated at estimated fair value, less the present value of estimated future payments to the income beneficiaries based on the composition of investment portfolios, life expectancies from certain mortality tables, and the discount rate applicable in the years the trusts were established.

Investments held in trusts include the fair value of a trust held in perpetuity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable

Contributions receivable consists of unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable in the year in which they are received. The risk-adjusted rates used for the year ending June 30, 2026 range from 3.56% to 3.66%. Amortization of the discounts is included in contributions and grants revenue. The Foundation closely monitors receivables. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable.

Conditional promises to give are not recognized until conditions have been substantially met and they become unconditional; that is when the related barrier has been overcome and right of release/right of return no longer exists. The Foundation had no conditional promises to give as of June 30, 2026.

Inventory

Inventory of gift shop items is valued at the lower of cost or net realizable value. Inventory consists of retail store merchandise available for sale on June 30, 2026. Cost is determined using the first-in-first-out ("FIFO") method.

Leases

The Foundation leases storage space under an operating lease. The Foundation determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the statement of financial position. Finance leases are included in property and equipment and other long-term liabilities on the statement of financial position. The Foundation does not have any finance leases.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Foundation's lease does not provide an implicit rate, the Foundation uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Foundation has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise.

Furniture, fixtures and equipment

Furniture, fixtures and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, ranging from 3 to 15 years. Contributed furniture, fixtures and equipment are recorded at fair value at the date of donation.

Beneficial interest in Asian Art Museum building

Title to the land, buildings, and improvements of the Museum rests with the City. Under the terms of the City Charter, no one other than the City can hold title to the building and the building cannot be sold or converted for the benefit of the Foundation. The improvements to the City building, which houses the Museum's collections and in which the Museum operates, were funded entirely by donations and bond proceeds (see Notes 7 and 6). As discussed in Note 7, the Foundation has recorded the cost of the improvements to the Museum building funded by the Foundation in the financial statements as a beneficial interest.

Deferred loan costs

Deferred loan costs are amortized over the term of the related loan payable based on the effective interest rate method. Interest expense related to loan costs for the year ended June 30, 2026 was $14.

Deferred revenue

Deferred revenue consists primarily of fees received for advances and future ticket sales.

Collections

The Museum's permanent collections represent more than 40 Asian countries and span 6,000 years of Asian history. Objects are held for educational, research, and curatorial purposes. Under the Museum's Collections Management Policy, all objects are catalogued, preserved, and provided with ongoing care. Activities verifying their existence and assessing their condition are performed regularly. Objects may be deaccessioned from the permanent collection in accordance with the Museum's Collections Management Policy. Proceeds from deaccessioned items are used to acquire other objects or for the direct maintenance of collection items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Collections (continued)

Title to the permanent collection rests with the City. If accepted into the permanent collection, donated art objects become the property of the City. In conformity with the practice generally followed by museums, no value is assigned to the collections in the statement of financial position. Collection items are purchased with donor funds restricted specifically to that purpose and are recorded as decreases in net assets with donor restrictions.

Concentration of credit risk

Financial instruments that potentially subject the Foundation to credit risk consist primarily of cash and cash equivalents, investments, and receivables. The Foundation maintains cash and cash equivalents with commercial banks and other major financial institutions. At times, such amounts may exceed Federal Deposit Insurance Corporation limits. The Foundation attempts to limit its credit risk associated with investments by utilizing outside investment managers to place the Foundation's investments with highly rated corporate and financial institutions.

Approximately 33% of the net contributions receivable is comprised of amounts due from two donors as of June 30, 2026. Approximately 40% of the total contributions and grants revenue is comprised of amounts from two donors for the year ended June 30, 2026.

Revenue recognition

Contributions are recognized as revenue when they are received or unconditionally promised. Bequests are recognized as revenue at the time the gift becomes known, is determined to be irrevocable, and the value of the contribution can be established.

Revenue, other than from contributions, bequests, and unconditional grants, is recognized in the period in which the service has been provided.

The management of the Foundation estimates that the cost of memberships equals the fair value of goods and services received by members. Accordingly, the Foundation recognizes membership sales as revenue over the membership period, using the straight-line basis. Virtually all memberships sold cover a period of one year.

The Foundation recognizes revenue from admissions and discounted admissions coupons upon the visit to the Museum.

The Foundation earns revenue from various tours, facility rentals, and special events. The Foundation recognizes revenue related to these sources when the related activity occurs.

The Foundation recognizes store revenue upon sale of the merchandise. Estimated returns are not material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

In-kind contributions are reflected as contributions at their fair value on the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated services must be used. Contributed services are reflected in the financial statements at the fair value of the services rendered. The Foundation recognizes contribution revenue if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that would need to be purchased, if not donated.

The City provides partial operating support through an in-kind contribution for the care and maintenance of the Museum building and collections that meets the criteria for recognition and is included in the accompanying financial statements as City appropriation. The City appropriation amount is calculated based on the cost when the services are provided, which represents fair value.

In addition, the Trustees and a substantial number of volunteers have donated significant amounts of time to develop the Foundation's program and objectives. The value of donated volunteer services has not been recognized in the accompanying financial statements because such volunteer services do not meet the above recognition criteria.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses applicable to more than one program or activity have been allocated among the programs, supporting services, and enterprise activities based on headcounts and square footage and on estimates made by the Foundation's management.

Income tax status

The Foundation has been classified as a publicly supported tax-exempt organization that is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code and from California franchise and/or income taxes under Revenue and Taxation Code Section 23701d. The Foundation believes that no liabilities are required to accrue for uncertain tax positions as of June 30, 2026.

Use of estimates

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative financial information

The financial statements and related footnotes, include certain prior-year comparative information summarized in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2025, from which the summarized information is derived.

Subsequent events

The Foundation has evaluated subsequent events through November 16, 2026, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Foundation's financial statements.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable, net as of June 30, 2026, consisted of the following:

Receivables due in less than one year	$	3,199
Receivables due in one to five years		555
		3,754
Less: allowance for doubtful contributions receivable		(35)
Less: discount on multi-year contributions receivable		(19)
	$	3,700

4. INVESTMENTS

Investments consisted of the following:

Investments	$	22,559
Short-term investments - restricted		6,376
Investments held for endowment		106,032
Investments held in trusts		1,067
	$	136,034

4. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2026:

	Level 1	Level 2	Level 3	Fair Value
Assets				
Short-term investments - restricted	$ 6,376	$ -	$ -	$ 6,376
	6,376	-	-	6,376
Investments				
Cash equivalents	6,049	-	-	6,049
Large cap equity securities	27,897	-	-	27,897
Other equity securities	34,113	-	-	34,113
Mutual funds - bonds	39,943	-	-	39,943
	108,002	-	-	108,002
Charitable remainder trusts	-	-	1,067	1,067
Commercial real estate	-	-	4,280	4,280
	$ 114,378	$ -	$ 5,347	119,725
Investments measured at net asset value*				16,309
				$ 136,034

*In accordance with Subtopic 820-10, certain investments are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The changes in investments classified as Level 3 for the year ended June 30, 2026 are as follows:

	Charitable Remainder Trusts	Commercial Real Estate	Total
Level 3 Investments			
Balance, beginning of year	$ 971	$ 4,267	$ 5,238
Change in value	96	13	109
Balance, end of year	$ 1,067	$ 4,280	$ 5,347

4. INVESTMENTS (continued)

The quantitative information about significant unobservable inputs related to Level 3 real estate investments as of June 30, 2026, is as follows:

Product	Fair Value	Valuation Techniques	Unobservable Inputs	Assumptions
Commercial real estate (a)	$ 4,280	Market Valuation	Rent growth rate	3%

(a) The investment in commercial real estate represents the Foundation's partial interest in a commercial building. The fair value of the interest has been determined using a 3rd party commercial real estate appraisal.

Investment strategy and redemption information

The following table summarizes the investment strategy types and various features of the investment portfolio for investments that are recorded at net asset value as a practical expedient as of June 30, 2026. The Foundation has commitments under the associated investment agreements to make additional capital contributions as noted:

	Net Asset Value	Unfunded Commitments	Redemption Term	Redemption Restrictions
Diversified hedge funds (a)	$ 125	$ -	Quarterly - annually	45 - 595 days
Private equity funds (b)	12,060	7,249	N/A	N/A
Real estate funds (c)	4,124	2,786	N/A	N/A
	$ 16,309	$ 10,035		

(a) This category includes investments in hedge funds that have an investment objective to seek consistent long-term growth of capital with reduced volatility. The funds invest in a diversified portfolio of global natural resource securities, commodities, and real assets as well as global, multistrategy, event-driven funds focused on producing strong risk-adjusted returns with low volatility relative to the stock market and relatively low correlation to both the equity and debt markets. These funds have the ability to make principally noncontrolling investments in debt, equity, or other securities or indebtedness of (i) companies in financial distress or undergoing a turnaround; (ii) companies in bankruptcy, organization, or liquidation; (iii) companies that are undervalued because of discrete extraordinary events; or (iv) companies whose securities are deemed to be undervalued. The fair values of these hedge funds have been determined using the NAV per share of the investment funds.

4. INVESTMENTS (continued)

Investment strategy and redemption information (continued)

(b) The private equity category includes several funds that invest in a broad range of privately owned domestic and foreign companies. The nature of these funds is that distributions are received through the liquidation of the underlying assets of the funds. Investments may include common and preferred stocks and warrants, convertible notes, and partnership interests. Some funds are established for the purpose of seeking capital appreciation through early-to-late-stage venture capital investments in companies in the biotechnology industry, including those focused in the pharmaceuticals, medical devices, genetics, drug delivery, diagnostics, energy and natural resources, media, retail, telecommunications, financial services, and health care information technology sectors. The fair values of these private equity funds have been determined using the NAV per share of the investment funds.

(c) The real estate partnerships were formed for the purpose of acquiring, investing in, developing, managing, operating, leasing, owning, financing, holding, and selling office buildings and mixed-use projects and investing in debt or equity instruments related to similar real estate projects. The partnerships may also invest in real estate as a long-term operating business set against a backdrop of powerful market cycles driven primarily by capital flows. The fair values of these real estate funds have been determined using the NAV per share of the investment funds. Investments representing 100% of the value of the investment in this category cannot be redeemed because the investments include restrictions.

Investment income, net consisted of the following:

Realized and unrealized gains	$	14,137
Interest and dividends		2,796
Investment management fees		(132)
	$	16,801

5. FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment, net consisted of the following:

Art storage and display cases	$	7,201
Office equipment		6,713
Furniture and fixtures		3,196
Computer equipment		797
		17,907
Less: accumulated depreciation		(16,517)
	$	1,390

5. FURNITURE, FIXTURES AND EQUIPMENT (continued)

Depreciation expense amounted to $243 for the year ended June 30, 2026.

6. LOAN PAYABLE

The rehabilitation of the Museum building (the "Project") was initially financed through a combination of public and private financing, including the proceeds of approximately $40,000 in City General Obligation Bonds and $107,445 of Revenue Bonds, Series 2000 (the "2000 IBank Bonds") issued by California Infrastructure and Economic Development Bank ("IBank"). Total costs related to the Project were approximately $180,000.

As a result of a settlement agreement, the Museum restructured the 2000 IBank Bonds under the terms of a February 1, 2011 loan agreement to $96,985. Specifically, on February 11, 2011, the California Enterprise Development Authority (the "Authority") obtained a loan from a financial institution (the "Bank") in an aggregate principal amount of $96,985, plus costs related thereto, for the purpose of the refinancing, and loaned the proceeds thereof to the Museum, all pursuant to that certain loan agreement dated as of February 11, 2011, between the Bank, the Authority, and the Museum (the "Loan Agreement" or "2011 Loan").

The principal amount of the 2011 Loan under the Loan Agreement bears interest rate at the rate of 4.60% per annum. Under certain circumstances provided for in the Loan Agreement, the 2011 Loan bears interest at the default rate of 6.60% per annum. The Loan Agreement provides for the accrual of interest on the aggregate principal balance of the 2011 Loan from the February 11, 2011, closing date to the February 1, 2040, maturity date, or earlier prepayment, as provided therein. Such interest is payable by the Foundation quarterly, on each quarterly installment date, commencing May 1, 2011, in arrears on or prior to such date (unless the 2011 Loan is bearing interest at the default rate, whereupon interest becomes payable on demand).

The Loan Agreement also provides that the principal amount of the 2011 Loan is to be paid in quarterly installments, on each quarterly installment date, which commenced on May 1, 2012. The interest payments assume that all payments are made by the Foundation on schedule.

The short-term investments-restricted at June 30, 2026 consists of $6,376 of investments, which is equivalent to one year's debt service on the 2011 Loan, at June 30, 2026, and is required to be held in a reserve fund through the maturity date of the 2011 Loan. The short-term investment is invested in money market funds and federal obligations.

Interest expense for the year ended June 30, 2026 was $3,135 and included $14 of amortized loan issuance costs.

6. LOAN PAYABLE (continued)

Future principal payments due under the loan payable at June 30, 2026 are as follows:

Year ending June 30,	
2027	$ 3,150
2028	3,295
2029	3,460
2030	3,620
2031	3,795
Thereafter	48,175
	65,495
Less: unamortized loan issuance costs	(191)
	$ 65,304

7. BENEFICIAL INTEREST IN ASIAN ART MUSEUM BUILDING

As discussed in Note 6, the initial rehabilitation of the Museum building was financed through a combination of financings by the City and the Foundation, and in 2024, a renovation and expansion project was completed for which the Foundation fundraised the entire cost.

The City takes title to all building improvements because under the terms of the City Charter, only the City may hold title to buildings on City property. These assets cannot be converted or sold for the benefit of the Foundation. The Foundation has an exclusive right to operate the facility for the benefit of the public as a museum. Because the building is an integral part of the Foundation's operations and the Foundation has rent-free use, the building improvements to the Museum building funded by the Foundation are included as an amortizing asset in the accompanying financial statements as a beneficial interest. The total building improvement costs of $184,571 are amortized on a straight-line basis over 40 years. Amortization expense totaled $4,750 and the beneficial interest in the Asian Art Museum building, net, totaled $103,141 at June 30, 2026.

8. RETIREMENT PLAN

The Foundation participates in a defined contribution plan ("the Plan") covering all eligible Foundation employees. The Plan stipulates mandatory contributions to be made by both participants and the Foundation. Foundation employees are fully vested in the Foundation's contributions after five years of credited service.

The Foundation's contributions to the Plan were $406 for the year ended June 30, 2026.

9. COMMITMENTS AND CONTINGENCIES

The Foundation has $10,035 in unfunded commitments in alternative investments as of June 30, 2026.

The Foundation is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's statement of financial position or its statement of activities.

10. LEASES

The Foundation leases storage space under a non-cancelable lease arrangement classified as an operating lease with monthly lease payments ranging from $9 to $10. At June 30, 2026, the operating lease ROU asset and operating lease liability amounted to $424 and $430, respectively.

Additional information related to leases is as follows:

Operating lease cost	$	82
Operating cash flows from operating leases		77
ROU asset obtained in exchange for lease obligations	$	492
Weighted average remaining lease term in years		4.25
Weighted average discount rate		4.33%

Future minimum lease payments under non-cancelable leases as of June 30, 2026 were as follows:

Year ending June 30,		
2027	$	105
2028		108
2029		112
2030		116
2031		29
		470
Less: imputed interest		(40)
	$	430

The Foundation also leases storage space and equipment under renewable short-term lease agreements. Accordingly, no ROU asset or lease liability has been recognized on the accompanying Statement of Financial Position.

The Foundation paid rent in the amount of $306 for storage space and small equipment for the year ended June 30, 2026.

11. RELATED PARTY

The City provided $12,017 of direct operational funding for the year ended June 30, 2026. At June 30, 2026, $15 included in accounts and other receivables is due from the City.

Other related-party transactions included gross contributions from Commission members and Trustees, which totaled approximately $9,850 for the year ended June 30, 2026. At June 30, 2026, contributions receivable from Commission members and Trustees totaled $1,740.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets subject to donor restrictions consisted of the following:

Programs and salaries	$	71,593
General		32,233
Acquisition and conservation		9,394
	$	113,220

Net assets subject to donor restrictions released from restriction during the year were as follows:

Programs and salaries	$	3,999
General		1,299
Acquisition and conservation		857
	$	6,155

13. ENDOWMENT

The Foundation's endowment consists of individual donor-restricted endowment funds. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Foundation is subject to UPMIFA and thus, classifies certain amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Trustees appropriate such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Trustees have interpreted the California enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date, unless the donor stipulates to the contrary.

13. ENDOWMENT (continued)

Interpretation of relevant law (continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the Foundation and the donor-restricted endowment fund

(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 Foundation

(7) The investment policies of the Foundation

Return objectives and risk parameters

The Foundation has adopted an investment policy statement for endowment assets that attempts to provide a predictable stream of funding for programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Trustees, the Foundation invests endowment assets in a manner that is intended to yield a long-term rate of return of approximately 6% annually, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable state law requires the Foundation to retain as a fund of perpetual duration. The Foundation had funds with an original value of $250 that were underwater by $164 at June 30, 2026. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Trustees. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. The Foundation has interpreted UPMIFA and applicable state trust law to permit spending from underwater endowments in accordance with prudent measures required under law.

Spending policy

The Foundation's spending policy for its endowment defines the timing and amount of funds available to be transferred to operations. The objective of the spending policy is to provide a predictable and consistent source of support of the Foundation's operations calculated in a manner that permits efficient and timely preparation of operating budgets.

13. ENDOWMENT (continued)

Spending policy (continued)

The Foundation's spending policy for the endowment (the "Endowment Policy") permits withdrawals from the endowment. Endowment withdrawals are budgeted on an annual basis in an amount equal to a percentage ranging from 4% to 7.5% of the previous three-year average of the endowment's total balance. For fiscal years 2012 through 2020, the Foundation withdrew 4% annually. For fiscal years 2021 through 2024, the Foundation withdrew 4.5%. For fiscal years 2025 and 2026, the Foundation withdrew 5%. In establishing this method, the Budget and Finance Committee considered the expected long-term rate of return on the investment of the Foundation's endowment funds. Amounts withdrawn from the endowment under the Endowment Policy are for the Foundation's programs and operating expenses, allocated in accordance with the restrictions pertaining to those funds. The timing and amounts of withdrawals are determined by the Foundation's management in consultation with the Budget and Finance Committee and the Executive Committee. Investment-related expenses are charged separately against the endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow in a manner consistent with its intention to maintain the purchasing power of the endowment assets, as well as to provide additional growth through new gifts. Depending upon market conditions and the needs and available resources of the Foundation, appropriations for expenditure from individual endowments may be temporarily suspended to facilitate preservation of the endowment.

Endowment composition

Endowment net asset composition as of June 30, 2026 is as follows:

	With Donor Restrictions
Donor-restricted endowment funds	$ 106,032

13. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2026 is as follows:

	With Donor Restrictions
Balance, June 30, 2025	$ 90,575
Contributions	4,896
Investment gains, net	13,309
Change in value	72
Reclassifications	625
Appropriation of net assets	(3,445)
Balance, June 30, 2026	$ 106,032

Strategies employed for achieving objectives

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

Relationship of spending policy to investment objectives

Description of amount classified as endowment net assets:

The portion of perpetual endowment funds not participating in the investment pool that is required to be held in perpetuity either by explicit donor stipulation or purpose restrictions or UPMIFA	$ 4,280
The portion of perpetual endowment funds participating in the investment pool that is required to be held in perpetuity either by explicit donor stipulation or subject to a time restriction or UPMIFA	63,990
The portion of perpetual endowment funds participating in the investment pool that is required to be held until time or purpose restrictions imposed by explicit donor stipulations are satisfied	37,762
	$ 106,032

14. LIQUIDITY

As part of the Foundation's financial management, it has a policy to structure its financial needs as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments.

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets		
Cash and cash equivalents	$	5,349
Investments		22,559
Contributions receivable, net		3,080
Contributions receivable for long-term, net		620
Investments held for endowment		106,032
Investments held in trusts		1,067
		138,707
Less: amounts unavailable for general expenditure within one year		
Donor-imposed restrictions for a specified time, greater than one year, less amounts appropriated and available for expenditure.		(44,950)
Donor-imposed restrictions to be held in perpetuity		(68,270)
		(113,220)
	$	25,487

The Foundation has financial assets available at June 30, 2026 to cover approximately 9 months of operating expenses based on average monthly expenses incurred of $2,768 for the fiscal year ended June 30, 2026. Operating expenses exclude depreciation and amortization and include costs currently paid by the City.