Exploratorium

Financial Report
June 30, 2025

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RSM US LLP

Independent Auditor's Report

Board of Trustees
Exploratorium

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Exploratorium, which comprise the statements of financial position as of June 30, 2025 and 2024, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Exploratorium as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Exploratorium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Exploratorium's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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 the Exploratorium's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Exploratorium'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.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025, on our consideration of the Exploratorium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Exploratorium's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Exploratorium's internal control over financial reporting and compliance.

RSM US LLP

San Jose, California
December 17, 2025

Exploratorium

Statements of Financial Position
June 30, 2025 and 2024

Assets	**2025**	2024
Cash and cash equivalents	**$ 4,305,648**	$ 4,992,976
Restricted cash (Note 9)	**298,282**	233,419
Operating investments (Note 5)	**2,526,320**	7,545,507
Contributions receivable, net (Notes 3)	**11,934,216**	6,718,964
Government receivables	**609,049**	2,353,663
Accounts receivable	**1,363,464**	1,496,152
Inventories	**1,068,748**	1,098,060
Other assets and prepaid expenses	**1,555,250**	1,908,995
Investments, at fair value (Note 5)	**98,650,370**	93,034,064
Exhibits, leasehold improvements and equipment (Note 4)	**158,395,033**	158,969,449
Construction in progress, exhibits	**409,441**	2,413,129
Operating lease right-of-use assets (Note 9)	**10,882,941**	12,250,303
Total assets	**$ 291,998,762**	$ 293,014,681
Liabilities and Net Assets		
Liabilities:		
Line of credit (Note 8)	**$ -**	$ -
Trade payables	**528,970**	356,763
Accrued expenses	**8,490,232**	8,354,750
Deferred revenue	**5,277,748**	6,774,355
Operating lease liabilities (Note 9)	**13,305,922**	14,147,525
Term debt, net (Note 8)	**19,667,304**	20,408,200
Total liabilities	**47,270,176**	50,041,593
Commitments and contingencies (Notes 10 and 11)		
Net assets:		
Without donor restrictions	**130,641,819**	136,470,417
With donor restrictions (Note 6)	**114,086,767**	106,502,671
Total net assets	**244,728,586**	242,973,088
Total liabilities and net assets	**$ 291,998,762**	$ 293,014,681

See notes to financial statements.

Exploratorium

Statement of Activities
Year Ended June 30, 2025
(With Comparative Summarized Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024 Total
Operating revenue and support:				
Private contributions	**$ 6,927,573**	**$ 17,047,009**	**$ 23,974,582**	$ 22,609,542
Contributed nonfinancial assets and services (Note 13)	**2,077,457**	**-**	**2,077,457**	1,084,864
Government grants	**3,643,647**	**-**	**3,643,647**	6,788,907
Global Studios—domestic	**201,865**	**-**	**201,865**	3,042,233
Global Studios—foreign	**12,049,105**	**-**	**12,049,105**	9,438,766
Admissions	**8,614,999**	**-**	**8,614,999**	8,273,268
Membership	**2,299,579**	**-**	**2,299,579**	2,374,992
Rentals and other revenue	**10,803,613**	**-**	**10,803,613**	10,696,085
Store sales	**1,570,235**	**-**	**1,570,235**	1,606,664
Net assets released from restrictions	**18,544,320**	**(18,544,320)**	**-**	-
Total revenues and support	**66,732,393**	**(1,497,311)**	**65,235,082**	65,915,321
Operating expenses:				
Program services:				
Visitor experience	**36,716,518**	**-**	**36,716,518**	33,704,387
Educator engagement	**9,997,675**	**-**	**9,997,675**	10,778,539
Global collaborations	**7,310,790**	**-**	**7,310,790**	9,074,385
Support services:				
General and administrative	**13,162,667**	**-**	**13,162,667**	10,869,083
Fundraising and membership	**4,457,151**	**-**	**4,457,151**	4,239,356
Total operating expenses	**71,644,801**	**-**	**71,644,801**	68,665,750
Change in net assets from operating activities	**(4,912,408)**	**(1,497,311)**	**(6,409,719)**	(2,750,429)
Nonoperating revenue:				
Private campaign contributions	**-**	**-**	**-**	4,600
Total nonoperating revenues	**-**	**-**	**-**	4,600
Financing expense:				
Long-term debt interest expense (Note 8)	**1,489,171**	**-**	**1,489,171**	1,632,485
Total nonoperating expenses	**1,489,171**	**-**	**1,489,171**	1,632,485
Investment activity:				
Investment return, net	**572,981**	**9,081,407**	**9,654,388**	11,485,978
Total investment activity	**572,981**	**9,081,407**	**9,654,388**	11,485,978
Change in net assets	**(5,828,598)**	**7,584,096**	**1,755,498**	7,107,664
Net assets, beginning of year	**136,470,417**	**106,502,671**	**242,973,088**	235,865,424
Net assets, end of year	**$ 130,641,819**	**$ 114,086,767**	**$ 244,728,586**	$ 242,973,088

See notes to financial statements.

Exploratorium

Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support:			
Private contributions	$ 5,125,548	$ 17,483,994	$ 22,609,542
Contributed nonfinancial assets and services (Note 13)	1,084,864	-	1,084,864
Government grants	6,788,907	-	6,788,907
Global Studios—domestic	3,042,233	-	3,042,233
Global Studios—foreign	9,438,766	-	9,438,766
Admissions	8,273,268	-	8,273,268
Membership	2,374,992	-	2,374,992
Rentals and other revenue	10,696,085	-	10,696,085
Store sales	1,606,664	-	1,606,664
Net assets released from restrictions	15,558,618	(15,558,618)	-
Total revenues and support	63,989,945	1,925,376	65,915,321
Operating expenses:			
Program services:			
Visitor experience	33,704,387	-	33,704,387
Educator engagement	10,778,539	-	10,778,539
Global collaborations	9,074,385	-	9,074,385
Support services:			
General and administrative	10,869,083	-	10,869,083
Fundraising and membership	4,239,356	-	4,239,356
Total operating expenses	68,665,750	-	68,665,750
Change in net assets from operating activities	(4,675,805)	1,925,376	(2,750,429)
Nonoperating revenue:			
Private campaign contributions	-	4,600	4,600
Net assets released from restrictions	4,600	(4,600)	-
Total nonoperating revenues	4,600	-	4,600
Financing expense:			
Long-term debt interest expense (Note 8)	1,632,485	-	1,632,485
Total nonoperating expenses	1,632,485	-	1,632,485
Investment activity:			
Investment return, net	914,817	10,571,161	11,485,978
Total investment activity	914,817	10,571,161	11,485,978
Change in net assets	(5,388,873)	12,496,537	7,107,664
Net assets, beginning of year	141,859,290	94,006,134	235,865,424
Net assets, end of year	$ 136,470,417	$ 106,502,671	$ 242,973,088

See notes to financial statements.

Exploratorium

Statements of Functional Expenses
Years Ended June 30, 2025 and 2024

	2025					
	Program Expenses			Support Services		
	Visitor Experience	Educator Engagement	Global Collaborations	General and Administrative	Fundraising and Membership	Total Expenses
Compensation and benefits	$ 22,020,553	$ 7,605,433	$ 5,413,122	$ 7,508,695	$ 2,917,344	$ 45,465,147
Occupancy	1,922,256	453,927	327,844	917,128	16,749	3,637,904
Depreciation and amortization	3,939,396	154,581	65,207	461,858	18,850	4,639,892
Consulting and professional services	3,223,215	297,655	591,032	1,462,720	242,374	5,816,996
Production supplies	1,387,677	137,494	307,140	699,333	11,649	2,543,293
Other outside services, advertising, other	4,223,421	1,348,585	606,445	2,112,933	1,250,185	9,541,569
	36,716,518	9,997,675	7,310,790	13,162,667	4,457,151	71,644,801
Interest expense	1,017,253	265,370	191,656	7,446	7,446	1,489,171
	$ 37,733,771	$ 10,263,045	$ 7,502,446	$ 13,170,113	$ 4,464,597	$ 73,133,972

	2024					
	Program Expenses			Support Services		
	Visitor Experience	Educator Engagement	Global Collaborations	General and Administrative	Fundraising and Membership	Total Expenses
Compensation and benefits	$ 18,738,671	$ 7,813,428	$ 5,524,194	$ 6,598,115	$ 2,710,146	$ 41,384,554
Occupancy	1,598,462	436,504	371,192	467,449	16,622	2,890,229
Depreciation and amortization	4,023,737	111,300	36,852	426,825	18,612	4,617,326
Consulting and professional services	2,401,410	608,249	1,789,830	903,849	94,360	5,797,698
Production supplies	1,051,405	216,881	294,154	553,999	15,704	2,132,143
Other outside services, advertising, other	5,890,702	1,592,177	1,058,163	1,918,846	1,383,912	11,843,800
	33,704,387	10,778,539	9,074,385	10,869,083	4,239,356	68,665,750
Interest expense	1,018,181	323,232	274,747	8,163	8,162	1,632,485
	$ 34,722,568	$ 11,101,771	$ 9,349,132	$ 10,877,246	$ 4,247,518	$ 70,298,235

See notes to financial statements.

Exploratorium

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	**$ 1,755,498**	$ 7,107,664
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**4,639,892**	4,617,326
Amortization of financing costs	**17,104**	17,104
Change in discount on long-term contributions receivable	**688,567**	307,654
Net realized and unrealized gains on investments	**(3,031,951)**	(10,120,741)
Donated securities	**(273,381)**	(2,523,652)
Proceeds from sale of donated securities	**273,381**	2,523,652
Gain on disposal of property and equipment	**139,088**	153,986
Contributions restricted for investment in endowment and museum improvements	**(1,100,000)**	-
Changes in assets and liabilities:		
Contributions receivable	**(5,903,819)**	(6,390,788)
Government and other receivables	**1,877,302**	(1,890,138)
Inventories	**29,312**	68,478
Operating lease right-of-use assets	**1,367,362**	1,308,033
Other assets and prepaid expenses	**279,718**	(15,723)
Trade payables and accrued expenses	**307,689**	1,691,161
Deferred revenue	**(1,422,580)**	1,430,963
Refundable advances	**-**	(424,551)
Operating lease liabilities	**(841,603)**	(782,273)
Net cash used in operating activities	**(1,198,421)**	(2,921,845)
Cash flows from investing activities:		
Capital expenditures	**(2,200,876)**	(3,829,850)
Proceeds from sales of investments	**35,112,196**	39,559,099
Purchases of investments	**(32,677,364)**	(40,961,659)
Net cash provided by (used in) investing activities	**233,956**	(5,232,410)
Cash flows from financing activities:		
Proceeds from contributions restricted for investment in endowment and museum improvements	**1,100,000**	5,424,048
Payments made on term debt	**(758,000)**	(758,000)
Net cash provided by financing activities	**342,000**	4,666,048
Net decrease in cash and cash equivalents, and restricted cash	**(622,465)**	(3,488,207)
Cash and cash equivalents and restricted cash, beginning of year	**5,226,395**	8,714,602
Cash and cash equivalents and restricted cash, end of year	**$ 4,603,930**	$ 5,226,395
At June 30, 2025 and 2024, the amounts included in cash and cash equivalents and restricted cash include the following:		
Cash and cash equivalents	**$ 4,305,648**	$ 4,992,976
Restricted cash	**298,282**	233,419
	$ 4,603,930	$ 5,226,395
Supplemental disclosure of cash flow information:		
Cash paid for interest during the year	**$ 930,351**	$ 1,029,856

See notes to financial statements.

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization: The Exploratorium, a California nonprofit organization, is a museum of science, art and human perception located in San Francisco, California. The Exploratorium creates tools and experiences that help visitors to become active explorers. Some of the tools used include hundreds of explore-for-yourself exhibits; a website with several thousand pages of content; film screenings; workshops for lifelong learners; and evening art and science events for adults. Professional development programs have been and are being created for educators and are at the forefront of changing the way science is taught. Exhibits created and expertise learned are shared with museums worldwide.

The Exploratorium's major programs are as follows:

Visitor experience: The Visitor Experience group consists of the Exploratorium's research, exhibits and public programs, and all other types of programs. The Visitor Experience at the Exploratorium is the museum where visitors of all ages, including school groups, can ask questions, question answers, and learn about the world around them by interacting with exhibits in a public laboratory exploring the world through science, art and human perception. The Exploratorium offers hands-on experiences, and encourages questions, explorations and individual discovery transforming the way people learn. Learning this way empowers people to figure things out for themselves—about science but also about any topic, claim or idea.

Educator engagement: Through the Exploratorium's Educator Engagement programs such as the Teacher Institute, Institute for Inquiry, and the Tinkering Studio, the Exploratorium creates inquiry-based experiences and tools that spark wonder. The Exploratorium offers professional development programs and workshops, in person and online, to train teachers and teacher leaders and other informal educators in how to teach science and learning through inquiry. Whether inside the museum or on the other side of the planet, in school settings or out in the world, the Exploratorium offers a variety of resources—videos, classroom activities, tools and workshops—that support better teaching and better learning.

Global collaborations: Through Global Collaborations, the Exploratorium shares deep knowledge of exhibit making, program creation and professional development with partner organizations around the world, shaping and tailoring approach and expertise to the needs and goals of other communities. The Exploratorium co-creates programs, conducts research and develops staff, thinks across disciplines, collaborates and prototypes to generate exhibits and programs that adapt to the cultures of those communities.

A summary of the Exploratorium's significant accounting policies is as follows:

Basis of presentation: The Exploratorium's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires that resources be classified for reporting purposes based upon the existence or absence of donor-imposed restrictions. This is accomplished by classification of net assets into two classes: without donor restrictions and with donor restrictions.

Without donor restrictions: Contributions and other inflows of assets are not subject to donor-imposed stipulations but may be designated for specific purposes by action of the Board of Trustees (the Board). Net assets without donor restrictions include expendable funds available to support operations as well as net assets invested in property and equipment. As of June 30, 2025 and 2024, the Board has designated $3,404,959 and $3,079,543, respectively, for purposes of a quasi-endowment fund.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

With donor restrictions: Contributions and other inflows of assets are subject to donor-imposed stipulations that may or will be met by actions of the Exploratorium or the passage of time or are permanently maintained by the Exploratorium pursuant to those donor stipulations. Upon satisfaction of such stipulations, net assets are released from net assets with donor restrictions and recognized as net assets without donor restrictions.

Cash and cash equivalents: Cash and cash equivalents represent cash and short-term investments with original maturities of 90 days or less at purchase.

Restricted cash: As of June 30, 2025 and 2024, restricted cash is held for amounts related to the ongoing maintenance of the substructure of Pier 15 and Pier 17, as further described in Note 9.

Accounts receivable and allowance for credit losses: Accounts receivable are carried at original invoice amount less an estimate for credit losses. The allowance for credit losses is the Exploratorium's best estimate of the amount of probable credit losses in the Exploratorium's existing accounts receivable and is relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. At June 30, 2025 and 2024, the Exploratorium determined that all receivables are fully collectible and, therefore, has not recorded an allowance for credit losses.

Contributions receivable: Contributions receivable due in one year or less are reported at net realizable value. Amounts due under contributions receivable over a period of more than one year at the date of donation are reported at net present value using the market discount rate in effect at the date of the unconditional promise to give. Receivables are stated less an allowance for doubtful accounts. Management's determination of an allowance is based on historical experience, knowledge of donor and other circumstances. As of June 30, 2025 and 2024, the Exploratorium has not recorded an allowance for uncollectible contributions receivable. The Exploratorium has received intentions to give from its donor base, which do not constitute contributions in accordance with U.S. GAAP and, therefore, have not been recognized as revenue or receivables.

Government receivables: Grants receivable are stated less an allowance for doubtful accounts. Management's determination of an allowance is based on historical experience, knowledge of grantor and other circumstances. Management believes grants receivable to be fully collectible as of June 30, 2025 and 2024.

Inventories: Inventories, which consist mostly of items available for sale at the museum stores, are stated at the lower of cost (first-in, first-out basis) or net realizable value.

Exhibits, leasehold improvements and equipment: Upon determination that an exhibit is viable, the Exploratorium capitalizes the costs of construction, which generally includes materials and labor. The capitalization threshold for exhibits is $0 and all exhibits are capitalized. Depreciation is provided on the straight-line method over an estimated useful life of five to 10 years.

Furniture, equipment and software above $5,000 is recorded at cost or, if donated, at fair value on the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets, which range from three to 10 years. All computer purchases are capitalized. Leasehold improvements are amortized on the straight-line basis over the shorter of their useful lives or the remaining period of the original lease ranging from 10 to 64 years.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Expenditure for renewals and improvements that significantly add to the productive capacity to extend the useful life of the asset are capitalized. Expenditures for normal repairs and maintenance are expensed as incurred. Upon retirement, sale or other disposition of property and equipment, the costs and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included within the statements of activities.

Construction in progress at the Exploratorium generally consists of exhibits and leasehold improvements that are not yet completed as of fiscal year-end. Depreciation does not begin until these assets are completed and placed in service

Fair value measurements: Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset or liability and a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to the Exploratorium's assumptions (unobservable inputs). The Exploratorium groups assets and liabilities at fair value in three levels based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuations are based on quoted prices in active markets for identical assets or liabilities that the Exploratorium has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments.

Level 2: Valuations are not based on quoted prices for identical assets or liabilities, but rather are based on significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Fair values are primarily obtained from third-party pricing services for comparable assets or liabilities.

Level 3: Valuations are derived from other valuation methodologies and incorporate certain assumptions and projections that are not observable in the market and significant professional judgment in determining the fair value assigned to such assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

For the years ended June 30, 2025 and 2024, the application of valuation techniques applied to similar assets has been consistent. The Exploratorium assesses levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. For the years ended June 30, 2025 and 2024, there were no such instances.

The fair value of money market funds is based on quoted market prices. Investments in equity instruments traded on national securities exchanges are stated at the last reported sales price on the day of valuation. Investments in Treasury Bills and fixed-income corporate bonds are reported at fair value based on their quoted market prices. These financial instruments are classified as Level 1 in the fair value hierarchy.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Investments in alternative investment funds are valued at fair value based on the applicable ownership of the funds' net asset value (NAV) or equivalent as of the measurement date as a practical expedient, as determined by the Exploratorium, in instances where there is not a readily determinable fair value. In determining fair value, the Exploratorium utilizes valuations provided by the investment funds. The investment funds value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the funds, which may include private placements and other securities for which prices are not readily available, are determined by the managers of the investment funds, which in turn is based on the most recent information available to the fund manager for the underlying investments, including the audited financial statements of the underlying funds and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the Exploratorium's investments in funds generally represents the amount the Exploratorium would expect to receive if it were to liquidate its investments in funds excluding any redemption charges that may apply.

The Exploratorium has various processes and controls in place to ensure fair value is reasonably stated. While the Exploratorium believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Investments: Investments are stated at fair value and are recorded on the trade or contract date. The fair value of investments is based on quoted market prices, except for alternative investments for which quoted market prices are not available. The fair value of alternative investments consisting of hedge funds, fixed income and private equity investment partnerships (collectively, the funds) is based on the applicable ownership of the funds' net assets or equivalent as of the measurement date, as determined by the Exploratorium. The difference between cost and fair value of investments is reflected as unrealized appreciation (depreciation) on investments, and any change in that amount from the prior year is reported as a component of investment return on the accompanying statements of activities.

Operating investments: Operating investments are treated consistently as noted above; however, they consist of shorter-term investments that typically can be liquidated and used for operations within a 12-month period. In addition, cash held temporarily by a custodian for investment purposes may be included in the classification operating investments on the statements of financial position rather than as cash. As of June 30, 2025 and 2024, the Exploratorium's investments in this category included a mutual fund, cash held for investment purposes and short-term U.S. treasury bills.

Contributions: The Exploratorium recognizes unconditional contributions when cash, securities, promises to give or other assets, or notification of a beneficial interest, is received. Unconditional contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions, depending on the nature of restriction.

Conditional contributions are those contributions that certain donor-imposed rights of refund/return and barriers (performance obligations and/or controlling stipulations). Conditional contributions are recorded as revenue when conditions are satisfied. Conditional contributions received in advance of satisfying conditions are recorded as refundable advances.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

A portion of the Exploratorium's nonexchange revenue is derived from cost-reimbursable grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenditures (i.e., contain meaningful barriers and rights of return). Amounts received are recognized as revenue when the Exploratorium has provided certain services and incurred expenditures in compliance with specific contract or grant provisions. Cash received in excess of revenue recognized is recorded as refundable advances.

The Exploratorium also receives corporate sponsorships, where revenue is recognized as both an exchange transaction and a contribution. In these cases, the Exploratorium determines the value or benefit the sponsor is receiving, and records that portion to earned revenue, with the remaining portion recorded as a contribution. If multiple deliverables span a period of years, then portions of the exchange transaction could be recorded as deferred revenue until the benefit takes place.

The Exploratorium conducted a multiyear, multipurpose capital campaign (the Campaign) for the purpose of the construction of its site located on the San Francisco Waterfront (i.e., the San Francisco Historic Port District) (see Note 9). The Campaign was designed not only to encompass the renovation and construction of the new facility, but also the design and creation of the exhibits housed at the facility, new program content and an increase in the Exploratorium's endowment. Campaign contributions without a specific purpose restriction were expendable on both capitalizable and noncapitalizable expenditures, including debt repayment.

Pursuant to Board policy, contributions received from donors through the Campaign were released once costs were incurred; however, to the extent costs are capitalized as either construction in progress (leasehold improvements) or exhibit costs in progress, such donations were maintained in net assets with donor restrictions through the completion of the construction phase. The Exploratorium has ongoing exhibit construction as a regular part of its activities. Contributions receivable from the Campaign were released once the new facility was placed into service.

Revenue recognition: The museum recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when or as performance obligations are satisfied.

The Exploratorium recognizes revenues from store sales at a point in time upon sale of the merchandise.

Admission revenues are recognized at a point in time upon sale of admission tickets unless purchased in advance of use, in which case revenue is deferred until use.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Membership revenues are considered to be part contribution without donor restrictions and part exchange transaction. The contribution element is recorded in the period received. The exchange element is recorded as deferred revenue when received and recognized as membership revenue over time ratably during the duration of the membership period. Any additional benefits of museum memberships (such as store discounts) are considered immaterial and are not separated out from museum membership revenue. For the year ended June 30, 2025, total membership dues revenue was $8,096,109 of which $5,796,530 was recognized as contribution revenue and $2,299,579 as exchange transaction revenue. For the year ended June 30, 2024, total membership dues revenue was $6,054,116 of which $3,679,124 was recognized as contribution revenue and $2,374,992 as exchange transaction revenue.

Revenue from Global Collaborations contracts is for complex integrated and related services and the Exploratorium evaluates whether a contract should be accounted for as more than one performance obligation. This evaluation requires judgment and the decision to combine a group of phases within a contract into a single performance obligation could change the amount of revenue recorded in a given period. For all of these types of contracts, the customer, often other foreign or domestic nonprofit organizations, contracts with the Exploratorium to provide a significant service of integrating a complex set of tasks and phases such as consulting, design and fabrication into a single project or capability (even if that single project results in the delivery of multiple units). Hence, the entire contract is accounted for as one performance obligation. Revenue is recognized based upon the cost input method over a period of time. Payments received in advance of the Exploratorium satisfying its performance obligations, typically according to defined payment schedules included within the contract, are contract liabilities and are recorded as deferred revenue. As of June 30, 2025, 2024 and 2023, contract liabilities of $3,108,908, $4,298,628, and $2,390,675, respectively, are recorded as deferred revenue on the statements of financial position related to Global Collaborations contracts. Contract liabilities from sales to customers outside of Global Collaborations are $2,168,840, $2,475,727, and $2,878,690 and are included in deferred revenue on the statements of financial position as of June 30, 2025, 2024 and 2023, respectively. As of June 30, 2025, 2024 and 2023, contract receivables of $0, $750,000, and $25,000, respectively, are recorded as accounts receivable on the statements of financial position related to Global Collaborations contracts. These contracts often include an assurance-type warranty provision, and these warranties are accounted for outside of ASC 606. Contract receivables from sales to customers, outside of Global Collaborations, are $1,363,464, $746,152, and $725,855 as of June 30, 2025, 2024 and 2023, respectively.

Government grants are analyzed to determine if they represent an exchange transaction or a contribution. Grants determined to represent exchange transactions are recognized as the related services are provided. Grants determined to represent contributions are accounted for as contributions as discussed previously in this note.

For the years ended June 30, 2025 and 2024, $14,550,549 and $14,855,991, respectively, of revenue was recognized from revenue streams where recognition occurs over time and $17,014,145 and $16,312,997, respectively, was recognized from revenue streams at a point in time.

Deferred revenue: Deferred revenue consists of annual or multiyear memberships, sponsorships, rental revenue, sublease space rental and global collaborations.

As noted above, membership revenue is deferred and recognized over the duration of the membership period. To the extent that sponsorships contain earned revenue components as a result of specific events, etc., those are deferred until the events take place or the benefits are no longer available to the sponsor. Rental revenue that is paid in advance is considered deferred until it becomes earned.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Leases (as Lessee): The Exploratorium determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under Topic 842, a contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Exploratorium also considers whether its service arrangements include the right to control the use of an asset.

The Exploratorium recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statements of activities.

The Exploratorium made an accounting policy election under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, the Exploratorium recognizes ROU assets and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

To determine the present value of lease payments, the Exploratorium made an accounting policy election available to nonpublic companies to utilize the risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for the lease existing upon the adoption of Topic 842). The risk-free discount rates were obtained using U.S. Treasury securities as posted on the Federal Reserve website.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index). Subsequent changes an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Payments for termination of the lease are included in the lease payments only when it is probable, they will be incurred.

The Exploratorium's lease includes a nonlease component representing additional services transferred to the Exploratorium, such as common area maintenance for real estate. The Exploratorium made an accounting policy election to account for each separate lease component and the nonlease components associated with that lease component as a single lease component. Nonlease components that are variable in nature are recorded in variable lease expense in the period incurred.

The Exploratorium leases space within the building and pier to one tenant. The lease may contain extension and termination options that are predominantly at the sole discretion of the lessee, provided certain conditions are satisfied.

Leases (as Lessor): Lease components are elements of an arrangement that provide the customer with the right to use an identified asset. Nonlease components are distinct elements of a contract that are not related to securing the use of the leased asset and revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Exploratorium does not consider any of the lease to be nonlease components because they represent delivery of a separate service but are not considered a cost of securing the identified asset. In the case of the Exploratorium's business, the identified asset would be the leased building.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

The Exploratorium assessed and concluded that the timing and pattern of transfer for nonlease components and the associated lease component are the same. The Exploratorium determined that the predominant component was the lease component and as such its leases will continue to be accounted for as operating leases and the Exploratorium has made a policy election to account for and present the lease component and the nonlease component as a single component in the revenue section of the statements of operations within rental income.

Deferred rent receivables represent the amount by which the cumulative straight-line rental revenue recorded to date exceeds cash rents billed to date under the lease agreement. With respect to the allowance for deferred lease receivables, given the longer-term nature of these receivables, the specific-identification methodology analysis evaluates each of the Exploratorium's significant lessees and any lessees on the Exploratorium's internal watchlist and relies on factors such as each lessee's financial condition and its ability to meet its lease obligations. The Exploratorium evaluated reserve levels quarterly based on changes in the financial condition of lessees and assessment of the lessee's ability to meet its lease obligations, overall economic conditions and the current business environment.

Donated materials and services: Donated materials are reflected in the accompanying financial statements at their estimated fair market value at date of receipt. Donations of services are recorded as support at their estimated fair value if the services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Exploratorium estimates the fair value on the basis of estimates of wholesale values that would be received from selling similar products, renting similar spaces or acquiring similar services in the United States in line with FASB ASC 820, Fair Value Measurement. The Exploratorium utilizes donated materials for their mission and does not monetize or sell the goods.

The Exploratorium has a substantial number of unpaid volunteers performing various functions who contributed over 4,386 hours (unaudited) and 4,200 hours (unaudited) for the years ended June 30, 2025 and 2024, respectively. The value of this contributed time is not reflected in the financial statements as it does not meet the criteria for recognition.

Income tax status: The Exploratorium has received rulings from the Internal Revenue Service and the California Franchise Tax Board granting it exemption from income taxes.

The Exploratorium follows the provisions of ASC 740-10, Income Taxes, relating to accounting for uncertain tax positions. Management evaluated the Exploratorium's tax positions and concluded that there were no material uncertainties in income taxes as of June 30, 2025 and 2024.

Functional expense allocations: The costs of providing the various programs and other activities have been summarized on a functional basis on the statements of activities and statements of functional expenses. Expenses that apply to more than one functional category have been allocated between program services and support services based on the time spent on these functions by specific employees as estimated by management. Cost allocations are performed for certain cost categories such as interest and depreciation, based upon administrative versus program square footage use of the facility. Indirect expenses are allocated based on the overall number of staff in the various functional categories. Certain marketing material costs are allocated based on the percentage of the publication devoted to each functional area. All other costs are charged directly to the appropriate functional category.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Impairment of long-lived assets: The Exploratorium evaluates the carrying value of its long-lived assets whenever events or changes in circumstances indicate such value may not be recoverable. When factors indicate that such assets should be evaluated for possible impairment, the Exploratorium uses an estimate of the undiscounted cash flows over the remaining life of the assets in measuring whether the assets are recoverable. If the net book value of the related asset exceeds the undiscounted future cash flows of the asset, the carrying amount would be reduced to the present value of its expected future cash flows and an impairment loss would be recognized. In the opinion of management, no impairment adjustments were required at June 30, 2025 and 2024, and for the years then ended.

Advertising: Advertising costs generally consist of media and print advertising and are charged to expense as incurred. Advertising costs recognized during the years ended June 30, 2025 and 2024, were $2,746,880 and $2,737,175, respectively. As of June 30, 2025 and 2024, contributed advertising included in advertising costs amounted to $972,635 and $1,061,394, respectively. These costs are presented in the general and administrative category on the accompanying statements of functional expenses.

Operating activities: The statements of activities include subtotals for nonoperating activities. Items not considered operating activities represent private campaign contributions, long-term debt interest expense and investment return, net.

Use of estimates: The preparation of financial statements in conformity with U.S. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of risk: The Exploratorium recognizes there are inherent risks associated with publicly and nonpublicly traded securities. Risk is managed through rigorous evaluation before an investment is made, quarterly monitoring of valuations and regular communication with investment managers. To address market risk of investments, the Exploratorium maintains a formal investment policy that sets out performance criteria and investment guidelines and requires review of the investment managers' performances. Investments are managed by investment managers, who have responsibility for investing the funds in various investment alternatives.

The Exploratorium does transact some activities with organizations located outside the United States. For the years ended June 30, 2025 and 2024, revenues from such activities amounted to $12,049,105 and $9,438,766, respectively, which is recorded in Global Collaborations—foreign on the accompanying statements of activities.

As of June 30, 2025 and 2024, revenues from South Korea represented 18% and 12%, respectively, of the total revenue amount and 94% and 62%, respectively, of the total Global Collaborations revenue amount.

In the regular course of business, the Exploratorium may maintain operating cash balances at a bank in excess of federally insured limits. Management does not believe it is exposed to any significant credit risk on uninsured amounts.

As of June 30, 2025, contributions from the two largest donors represented 47% of the total contribution revenue amount. As of June 30, 2024, contributions from the two largest donors represented 46% of the total contribution revenue amount.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

As of June 30, 2025, contributions receivable from the three largest donors represented 78% of the total contributions receivable amount. As of June 30, 2024, contributions receivable from the three largest donors represented 84% of the total contributions receivable amount.

Note 2. Liquidity and Availability

The following represents the Exploratorium's financial assets available for general expenditure within one year as of June 30:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 4,305,648	$ 4,992,976
Restricted cash	298,282	233,419
Contributions receivable, net	11,934,216	6,718,964
Government receivables	609,049	2,353,663
Accounts receivable	1,363,464	1,496,152
Investments	101,176,690	100,579,571
Total financial assets	119,687,349	116,374,745
Less amounts not available to be used within one year:		
Cash for debt service	(3,123,768)	(2,863,127)
Restricted cash	(298,282)	(233,419)
Contributions receivable, net, to be collected in over a year	(6,745,700)	(2,464,736)
Investments restricted for endowment	(92,163,845)	(85,189,725)
Financial assets not available to be used within one year	(102,331,595)	(90,751,007)
Financial assets available for general expenditure within one year	$ 17,355,754	$ 25,623,738

The Exploratorium has certain board-designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year. The Exploratorium has other assets limited to use for donor-restricted purposes, and debt service. These assets are limited to use and are more fully described in Notes 1 and 7. Accordingly, these assets have been excluded from the financial assets available for general expenditures within one year shown above as they are not available for general expenditure within one year.

The Exploratorium also maintains a $6.5 million revolving line of credit as discussed in more detail in Note 8. As of both June 30, 2025 and 2024, $6.5 million remained available on the Exploratorium's revolving line of credit.

Note 3. Contributions Receivable

Contributions receivable represent unconditional promises to give by donors. Contributions that are expected to be collected after one year have been discounted at rates between 5.09% and 0.23% as of June 30, 2025 and 2024, and are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable to the number of years the contribution is expected to remain outstanding.

Contributions receivable are due as follows as of June 30:

	2025	2024
Contributions receivable:		
Less than one year	$ 5,188,516	$ 4,254,228
One to five years	7,768,500	2,798,969
Discount on receivables due in more than one year	(1,022,800)	(334,233)
	$ 11,934,216	$ 6,718,964

The Exploratorium has received notification from various donors or agencies regarding their intention to give gifts or grants to the Exploratorium upon certain conditions being met, such as government grants and the obligation to raise matching gift amounts. As of June 30, 2025 and 2024, these amounts total $1,947,778 and $3,371,076, respectively, and have not been recognized within the financial statements due to the conditions not being met at this time. Such amounts will be recorded as revenue when the relevant conditions have been met.

Note 4. Exhibits, Leasehold Improvements and Equipment

	2025	2024
Leasehold improvements, exhibits and equipment at cost	$ 40,474,528	$ 40,435,937
Less accumulated depreciation and amortization	(34,320,598)	(34,694,235)
	6,153,930	5,741,702
Leasehold improvements—Piers	194,117,229	191,594,009
Less accumulated depreciation	(41,876,126)	(38,366,262)
	152,241,103	153,227,747
Total	$ 158,395,033	$ 158,969,449

Depreciation and amortization expense for exhibits, leasehold improvements and equipment was $4,639,892 and $4,617,326 for the years ended June 30, 2025 and 2024, respectively.

Note 5. Fair Value Measurement and Investment

A summary of the Exploratorium's investments measured at fair value on a recurring basis at June 30, and set forth by level within the fair value hierarchy, is as follows:

	2025			
Description	Level 1	Level 2	Level 3	Total
Operating investments:				
Money market fund	$ 2,526,320	$ -	$ -	$ 2,526,320
	2,526,320	-	-	2,526,320
Money market fund	194,958	-	-	194,958
U.S. treasury bills	3,074,279	-	-	3,074,279
Fixed-income securities:				
Domestic	10,190,981	-	-	10,190,981
International	1,725,871	-	-	1,725,871
Equities:				
Domestic	41,046,836	-	-	41,046,836
International	16,229,609	-	-	16,229,609
	72,462,534	-	-	72,462,534
	$ 74,988,854	$ -	$ -	74,988,854
Investments measured at NAV				26,187,836
				$ 101,176,690

	2024			
Description	Level 1	Level 2	Level 3	Total
Operating investments:				
Cash (at cost)	$ -	$ -	$ -	$ 404,527
Money market fund	973,608	-	-	973,608
U.S. treasury bills	6,167,372	-	-	6,167,372
	7,140,980	-	-	7,545,507
Money market fund	174,134	-	-	174,134
Fixed-income securities:				
Domestic	5,538,815	-	-	5,538,815
Equities:				
Domestic	42,267,700	-	-	42,267,700
International	13,466,872	-	-	13,466,872
	61,447,521	-	-	61,447,521
	$ 68,588,501	$ -	$ -	68,993,028
Investments measured at NAV				31,586,543
				$ 100,579,571

Note 5. Fair Value Measurement and Investment (Continued)

The Exploratorium's fixed-income and equity investments are composed of investments in mutual funds and exchange-traded funds that each have a specific investment strategy and achieve their investment objective through investing into a variety of securities, including government issued bonds, treasury bills, corporate issued debt, domestic corporate equity securities and foreign corporate equity securities. As of June 30, 2025, the Exploratorium had invested in short term investments for operations of approximately $2.5 million which includes cash held for investments and money market funds. As of June 30, 2024, the Exploratorium had invested in short-term investments for operations of approximately $7.5 million which includes a United States Treasury Bills that will mature over a six-month period and money market funds.

Additional information related to the alternative investments as of June 30, is as follows:

	2025				
	Fair Value	Total Commitments	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge fund	$ 79,738	N/A	N/A	Quarterly	65 days' notice [1]
Private equity	10,037,174	$ 9,250,000	$ 1,380,078	N/A	Upon Termination [1]
Private equity	1,607,081	5,000,000	3,679,232	N/A	Upon Termination [1]
Private debt	4,147,975	5,000,000	1,620,725	N/A	Upon Termination [1]
Hedge fund	3,749,532	6,250,000	590,442	N/A	Upon Termination [1]
Private debt	6,566,336	8,000,000	-	N/A	Upon Termination [1]
	$ 26,187,836	$ 33,500,000	$ 7,270,477		

	2024				
	Fair Value	Total Commitments	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge Fund	$ 67,716	N/A	N/A	Quarterly	65 days' notice [1]
Private equity	10,234,226	$ 9,250,000	$ 1,409,620	N/A	Upon Termination [1]
Private equity	4,394,457	5,000,000	1,639,319	N/A	Upon Termination [1]
Private debt	5,065,394	6,250,000	590,442	N/A	Upon Termination [1]
Hedge Fund	3,825,056	N/A	N/A	Daily	1 day's notice
Private debt	7,999,694	8,000,000	-	N/A	Upon Termination [1]
	$ 31,586,543	$ 28,500,000	$ 3,639,381		

(1) These funds are closed-ended and do not allow for withdraws or redemptions. Distributions will be received as the funds terminate.

Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions include net assets restricted in perpetuity—endowment, and net assets with donor restrictions for time and specified purposes. Net assets with donor restrictions consist of the following at June 30:

	2025	2024
Program restrictions (purpose and time restrictions)	$ 15,892,462	$ 20,879,656
Exhibits and furniture site (time restrictions)	225,057	35,174
Endowment earnings subject to spending policy and appropriation (purpose and time restricted)	27,624,971	21,743,563
	43,742,490	42,658,393
Endowment corpus—held in perpetuity:		
Endowment corpus held in perpetuity and purpose restricted	68,114,505	61,614,506
Endowment corpus held in perpetuity and no purpose restriction	2,229,772	2,229,772
Total net assets with donor restrictions—held in perpetuity	70,344,277	63,844,278
Total net assets with donor restrictions	$ 114,086,767	$ 106,502,671

Program and purpose restrictions primarily consist of gifts that are restricted for education and programs such as the Teacher's Institute and Tinkering Studio and the Arts, among others.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of the restriction or by the passage of time during the years ended June 30:

	2025	2024
Campaign operating initiatives (time and purpose restrictions)	$ -	$ 4,600
Program restrictions (time and purpose restrictions)	18,544,320	15,558,618
Total net assets released from donor restrictions	$ 18,544,320	$ 15,563,218

Note 7. Endowment

California enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective January 1, 2009. As a result, the Exploratorium reviewed all relevant gift instruments and its organizing documents to determine if it had funds with donor-imposed restrictions that are subject to the state-enacted version of UPMIFA. The Exploratorium continues to review all new gift instruments in relationship to the enacted law.

Interpretation of relevant law: The Board, with the advice of legal counsel, has determined it holds net assets that meet the definition of endowment funds under UPMIFA. The corpus represents the fair value of the original gifts as of the gift date and all subsequent gifts where the donor has indicated the gift be retained permanently. The assets with a value greater than or less than the original gifts in donor endowment funds are classified as net assets with donor restrictions until appropriated for expenditure by the Exploratorium. If the donor does not restrict the allowed use of the income, the Exploratorium classifies income as net assets with donor restrictions until those amounts are appropriated for expenditure by the Exploratorium in a manner consistent with the standard of prudence prescribed by UPMIFA.

Note 7. Endowment (Continued)

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the original corpus. At both June 30, 2025 and 2024, the Exploratorium did not have any endowments that were underwater.

In accordance with UPMIFA, the Exploratorium considers the following factors in making a determination as to the appropriation of assets for expenditure: (1) the duration and preservation of the fund, (2) the purposes of the organization 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 organization and (7) the investment policies of the Exploratorium.

Investment and spending policies: The Exploratorium has adopted investment and spending policies for endowed assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowed assets. The investment and spending policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

To accomplish the long-term rate of return objectives, the Exploratorium 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 Exploratorium targets a diversified asset allocation with an emphasis on equity-based investments within prudent risk parameters.

The spending policy determines the amount of money to be distributed annually from the Exploratorium's various endowed funds for operational support. The Exploratorium adopted a spending policy to address underwater funds, defined as those funds with balances below historic gift value. The original gift balance, as measured on a gift-by-gift basis within the fund, shall remain intact unless otherwise specified by the donor. The spending rate in the current year is calculated based upon 80% of the previous year's spend, adjusted for inflation, plus 20% of the market value of the portfolio multiplied by a rate of 4.5%, adhering to the Tobin Rule, as approved by the Board. The total amounts that were appropriated from donor-restricted endowments and spent in fiscal years 2025 and 2024 were $3,200,000 and $3,000,000, respectively. Appropriations from the endowments that have donor restrictions are included in net assets released from restrictions on the statements of activities and in Note 6. There were no amounts appropriated from quasi-endowments in each of the years ended June 30, 2025 and 2024.

The Exploratorium's endowment net assets changed for the years ended June 30, as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	$ 2,699,280	$ 74,719,373	$ 77,418,653
Investment return:			
Investment income	47,317	1,326,098	1,373,415
Net gains	332,946	9,245,063	9,578,009
Appropriations	-	(3,000,000)	(3,000,000)
Additions	-	3,297,307	3,297,307
Endowment net assets, June 30, 2024	$ 3,079,543	$ 85,587,841	$ 88,667,384

Note 7. Endowment (Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2024	$ 3,079,543	$ 85,587,841	$ 88,667,384
Investment return:			
Investment income	53,045	1,462,417	1,515,462
Net gains	272,371	7,618,990	7,891,361
Appropriations	-	(3,200,000)	(3,200,000)
Additions	-	6,500,000	6,500,000
Endowment net assets, June 30, 2025	$ 3,404,959	$ 97,969,248	$ 101,374,207

Note 8. Debt Obligations

Long-term debt: Effective August 31, 2018, the Exploratorium refinanced its long-term debt through the issuance of a tax-exempt bond of $49.2 million. The new financing included semiannual interest payments and annual principal payments. The loan was a 10-year loan with a fixed interest rate of 3.87% for the first seven years and then a variable interest rate for the remaining three years, with a 20-year amortization period maturing September 1, 2038. The debt facility had financial and nonfinancial covenants due quarterly and annually.

In fiscal year 2022, the Exploratorium refinanced with the new loan terms being generally the same, aside from its applicable rates and maturing December 2051. Half of the newly refinanced loan has a fixed interest rate of 2.675% while the other half has a variable rate equal to 154 basis points plus the applicable Secured Overnight Financing Rate (SOFR). As of June 30, 2025 and 2024, the rate on the variable portion of the loan was 5.86% and 6.87%, respectively.

As of June 30, 2025 and 2024, the amount outstanding against this facility was $20,087,002 and $20,845,001, respectively. Total interest on this loan was $919,935 and $1,026,055 during the years ended June 30, 2025 and 2024, respectively. Under the terms of this facility, the Exploratorium is not allowed to borrow additional funding after principal payments are made. This debt is secured by Exploratorium assets such as campaign pledges and exhibits and equipment. The Exploratorium also has a separate line of credit facility which it can borrow on as discussed further below. The facility has a maturity date of November 23, 2026, though this may be extended at the lender's discretion.

Breakdown of the tax-exempt bonds as shown on the statements of financial position is as follows:

	2025	2024
Long-term debt	$ 20,087,002	$ 20,845,001
Less deferred financing fees	(419,698)	(436,801)
	$ 19,667,304	$ 20,408,200

Note 8. Debt Obligations (Continued)

Future principal payments due under the tax-exempt bond are as follows:

Years ending June 30:	
2026	$ 758,000
2027	758,000
2028	758,000
2029	758,000
2030	758,000
Thereafter	16,297,002
	$ 20,087,002

Line of credit: The Exploratorium has a revolving line of credit debt facility with a maximum borrowing capacity of $6.5 million that expires on November 23, 2026. Interest is payable monthly at a variable rate equal to the London Interbank Offered Rate (LIBOR) plus 325 basis points. As of June 30, 2025 and 2024, the Exploratorium had no outstanding borrowings against this facility. The Exploratorium has a 30-day clearance requirement on this line of credit, and for both fiscal years 2025 and 2024 that clearance period has been met.

Note 9. Leases

Effective November 3, 2010, the Exploratorium entered into a 66-year lease with the city and county of San Francisco operating by and through the San Francisco Port Commission (the Port). The lease provides for the Exploratorium to lease Pier 15 and a portion of Pier 17, both located in the Historic Port District of the Port of San Francisco. The Exploratorium moved both the museum and corporate offices to the Piers in early 2013 upon completion of the renovations. Key provisions of the lease are as follows:

Pier 15:

Initial minimum monthly rent: Monthly rent is $78,805.

Rent escalation: The monthly minimum lease payment is subject to consumer price index (CPI) increases every fifth year beginning on the fifth anniversary of the lease commencement. The minimum CPI increase is 10%, with a maximum of 20%.

Rent incentives: In consideration of the tenant improvements to be constructed by the Exploratorium, the Port is providing the Exploratorium rent incentives equal to the minimum monthly rent from lease commencement through the 50th anniversary of the lease.

Percentage rent: The Exploratorium is obligated to pay a monthly percentage rent (6%) based on gross revenues generated on Pier 15 once museum operations commence. If the total computed percentage rent on a quarterly basis exceeds the minimum monthly rent computed before the application of the rent incentives, the Exploratorium will be obligated to pay the Port the differential. For the years ended June 30, 2025 and 2024, the Exploratorium was not obligated for any percentage rent.

Pier 17:

Initial minimum monthly rent: Initial minimum monthly rent is $66,961. Such initial minimum monthly rent was reduced to $42,032 for the first six months of the lease.

Note 9. Leases (Continued)

Rent escalation: The monthly minimum lease payment is subject to a CPI increase of 3% each year, effective January 1, 2012, until the application of the rent incentive applicable for Pier 17, on or about January 2024. Upon entering the rent incentive period, the minimum lease payments will increase by the existing CPI every fifth anniversary. The increase will be no less than 10% and no more than 20%. Pier 17 rent increases are also subject to a prevailing rental clause.

Rent incentive: In consideration for tenant improvements, which may be made to Pier 17 by the Exploratorium, the Port will provide the Exploratorium a rent incentive to be negotiated prior to the beginning of Pier 17 improvements.

Percentage rent: The Exploratorium will be obligated to pay percentage rent on certain revenues generated on Pier 17 and then, if the Exploratorium expands the museum to Pier 17, on all revenues. Payment provisions are and will be similar to Pier 15. For the years ended June 30, 2025 and 2024, the Exploratorium was not obligated for any percentage rent.

General provisions: The Exploratorium is potentially obligated to pay, and is required to segregate in a separate account, $50,000 annually on the second through fifth anniversaries of the lease for a substructure reserve. On the sixth anniversary of the lease and every fifth year thereafter, the Exploratorium is to increase the balance in the account to an amount based on the most recent substructure condition report. Interest on the fund shall accrue to the reserve account. The funds reserved are to be used only for the maintenance, repair and replacement of the substructure, if necessary. As of both June 30, 2025 and 2024, this reserve totaled $298,282 and $233,419, respectively, and is presented as restricted cash on the accompanying statements of financial position.

The Port leased the Piers to the Exploratorium on an as-is basis. The cost of any hazardous waste cleanup was the sole expense of the Exploratorium. The Exploratorium, as part of construction, removed all the hazardous waste as required by the lease and current law. Since completion of this project, there have been no hazardous waste costs to date and management does not anticipate any more significant costs.

The lease calls for the Exploratorium to expand the museum's footprint to encompass substantially all of Pier 17 under the Phase II construction section of the lease. In order to accomplish this expansion, three events must occur:

1. Bay Delta must vacate the space it currently leases at Pier 17 directly from the Port. Bay Delta relocated on May 1, 2011.

2. The Port Commission must determine that the portion of Pier 17 currently occupied by Bay Delta is no longer needed for maritime use. This determination cannot occur until a maritime use study has been conducted after Bay Delta has vacated the space.

3. The Exploratorium must start construction on the planned Pier 17 renovations by the 16th anniversary of the lease (November 2026).

The lease for Pier 17 was amended effective July 1, 2025 to extend construction commencement date to December 1, 2036, to provide additional time for development to December 1, 2036, add a construction completion date of December 1, 2041, and add a requirement for the Exploratorium to provide an annual report on the status. Additionally, the amendment extended the lease through November 2041.

The below lease schedule includes the future minimum rents for Pier 17 only through the 17th anniversary of the lease.

Note 9. Leases (Continued)

As of June 30, 2025 and 2024, supplemental cash flow information related to leases was as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 1,233,648	$ 1,197,717

The Exploratorium did not enter into any new lease obligations during the year ended June 30, 2025.

Operating lease cost is recognized on a straight-line basis over the lease term. Rent expense was $1,233,648 and $1,137,950 for the years ended June 30, 2025 and 2024, respectively. The Exploratorium did not have any material short-term lease costs during the years ended June 30, 2025 and 2024.

Future undiscounted cash flow for each of the next five years and thereafter, and reconciliation to the lease liabilities recognized on the statement of financial position as of June 30, 2025, is as follows:

	Pier 15	Pier 17	Total
Years ending June 30:			
2026	$ -	$ 1,301,729	$ 1,301,729
2027	-	667,120	667,120
2028	-	-	-
2029	-	-	-
2030	-	-	-
Thereafter	43,858,490	-	43,858,490
Total	43,858,490	1,968,849	45,827,339
Less amounts representing interest	(32,476,903)	(44,514)	(32,521,417)
Lease liability at June 30, 2025	$ 11,381,587	$ 1,924,335	$ 13,305,922

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

	2025	2024
Weighted-average lease term:		
Operating leases	44.51 years	42.33 years
Weighted-average discount rate:		
Operating leases	3.08%	3.08%

The Exploratorium has one subtenant resident to Pier 17, which expires June 30, 2026. Minimum future rentals under this sublease at June 30, 2025, totaled $1,292,485. Total rental income recognized during both the years ended June 30, 2025 and 2024, totaled approximately $1,660,000. An important provision of this sublease is as follows:

- Approximately $173,000 in initial direct costs have been included in the lease calculation, the result of which creates an lease receivable of $42,863 and $74,027 as of June 30, 2025 and 2024, respectively, that is included in other assets and prepaid expenses on the accompanying statements of financial position.

Note 10. Contingencies

Contingencies: The Exploratorium receives funds from and administers to various federal and state government-funded programs that are subject to audit by the cognizant governmental agencies. Some of these grants also contain provisions that subject certain assets purchased with governmental funds to be subject to reversion. To date, the Exploratorium has not been required to either refund any grant funding or return any assets purchased with government funding.

On March 27, 2020, the Coronavirus, Relief, and Economic Security Act (CARES Act) was signed into law and was meant to address the economic fallout from the COVID-19 pandemic. In connection with the CARES Act, the Exploratorium received a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan for $5,875,400 on April 10, 2020. On June 24, 2021, the loan was forgiven by the SBA. The loan is subject to the audit by the SBA for six years following the date of forgiveness, at which time a refund of all or a portion of the loan may be required.

Note 11. Retirement Plan

The Exploratorium has a defined contribution plan that is a qualified plan under Section 403(b) of the Internal Revenue Code. The plan covers employees who have reached the age of 21, completed one year of service and worked at least 975 hours during any plan year. The plan allows for the Exploratorium, as plan sponsor, to make elective matching contributions to the plan.

During the years ended June 30, 2025 and 2024, the Exploratorium contributed $1,427,980 and $1,265,190 to the plan, respectively, and is included in compensation and benefits expense on the accompanying statements of functional expenses.

Note 12. Related-Party Transactions

Contributions receivable from members of the Board of the Exploratorium or companies or individuals with which the Board are affiliated were $9,380,000 and $5,665,485 as of June 30, 2025 and 2024, respectively. Recorded contribution revenue from members of the Board of the Exploratorium or companies or individuals with which the Board are affiliated were $12,813,801 and $14,022,577 for the years ended June 30, 2025 and 2024, respectively, and are reflected in private contributions on the accompanying statements of activities.

Note 13. Contributed Nonfinancial Assets and Services

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets and services recognized within the statements of activities included the following:

	2025	2024
Advertising	$ 972,635	$ 1,061,394
Legal services	798,085	18,124
Contract development and other	306,737	5,346
	$ 2,077,457	$ 1,084,864

No contributed nonfinancial assets or services were restricted for use during the years ended June 30, 2025 and 2024. The Exploratorium estimates the fair value of its in-kind donated professional services based on current rates for similar services.

Note 14. Subsequent Events

The Exploratorium evaluated subsequent events through December 17, 2025, the date on which the financial statements were available to be issued.

The lease of Pier 17 was extended with additional terms effective July 1, 2025. See further details in Note 9.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board Trustees
Exploratorium

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Exploratorium, which comprise the Exploratorium's statement of financial position as of June 30, 2025, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2025.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Exploratorium's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Exploratorium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Exploratorium's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Exploratorium's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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Purpose of This Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

San Jose, California
December 17, 2025