



**The Tech Interactive  
Financial Statements  
June 30, 2025 and 2024**

Audit Committee  
Board of Directors  
The Tech Interactive  
San Jose, California



Certified  
Public  
Accountants

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Tech Interactive (The Tech), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tech as of June 30, 2025 and 2024, and the results of its operations 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. 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 Tech and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe 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 Tech's ability to continue as a going concern within one year after the date the financial statements are 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 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 The Tech'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 Tech'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.

*Frank, Rimmerman & Co. LLP*

San Jose, California  
December 26, 2025

**The Tech Interactive**  
**Statements of Financial Position**

	June 30, 2025			June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 443,831	150,004	\$ 593,835	\$ 2,685,522	\$ 560,197	\$ 3,245,719
Grants and Other Receivables	-	714,142	714,142	21,189	1,376,133	1,397,322
Pledges Receivable, net	11,750	1,350,261	1,362,011	-	7,634,433	7,634,433
Prepaid Expenses and Other Assets	93,000	-	93,000	89,482	-	89,482
Investments	437,772	34,723,775	35,161,547	571,102	29,170,794	29,741,896
Operating Lease Right of Use Assets	1,212,856	-	1,212,856	1,683,011	-	1,683,011
Property, Exhibits and Equipment, net	6,613,805	-	6,613,805	7,008,751	-	7,008,751
Beneficial Interest in Use of Facilities, net	-	40,397,508	40,397,508	-	40,816,203	40,816,203
Total assets	<u>\$ 8,813,014</u>	<u>\$ 77,335,690</u>	<u>\$ 86,148,704</u>	<u>\$ 12,059,057</u>	<u>\$ 79,557,760</u>	<u>\$ 91,616,817</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Liabilities</b>						
Accounts payable	\$ 124,789	\$ -	\$ 124,789	\$ 40,426	\$ -	\$ 40,426
Accrued expenses	1,518,792	-	1,518,792	1,353,747	-	1,353,747
Deferred revenue	223,361	-	223,361	274,865	-	274,865
Operating lease liabilities	501,645	-	501,645	458,144	-	458,144
Total current liabilities	<u>2,368,587</u>	<u>-</u>	<u>2,368,587</u>	<u>2,127,182</u>	<u>-</u>	<u>2,127,182</u>
Operating Lease Liabilities, net of current portion	<u>819,167</u>	<u>-</u>	<u>819,167</u>	<u>1,320,812</u>	<u>-</u>	<u>1,320,812</u>
Commitments (Notes 5, 9 and 10)						
<b>Net Assets</b>						
Without donor restrictions	5,625,260	-	5,625,260	8,611,063	-	8,611,063
With donor restrictions	-	77,335,690	77,335,690	-	79,557,760	79,557,760
Total net assets	<u>5,625,260</u>	<u>77,335,690</u>	<u>82,960,950</u>	<u>8,611,063</u>	<u>79,557,760</u>	<u>88,168,823</u>
Total liabilities and net assets	<u>\$ 8,813,014</u>	<u>\$ 77,335,690</u>	<u>\$ 86,148,704</u>	<u>\$ 12,059,057</u>	<u>\$ 79,557,760</u>	<u>\$ 91,616,817</u>

See Notes to Financial Statements

**The Tech Interactive**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended June 30, 2025 and 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Public support	\$ 2,356,046	\$ -	\$ 2,356,046	\$ 4,236,958	\$ -	\$ 4,236,958
Contributions of cash and other financial assets	1,775,779	5,384,573	7,160,352	2,417,150	14,414,626	16,831,776
Contributions of nonfinancial assets	1,178,030	-	1,178,030	1,087,823	-	1,087,823
Admissions and fees	2,458,010	-	2,458,010	2,240,734	-	2,240,734
Rental and other income	2,217,275	-	2,217,275	1,984,513	-	1,984,513
Net assets released from restrictions	9,925,119	(9,925,119)	-	10,873,191	(10,873,191)	-
Total support and revenue	19,910,259	(4,540,546)	15,369,713	22,840,369	3,541,435	26,381,804
Expenses						
Program services						
Exhibits, programs and experiences	12,117,377	-	12,117,377	12,293,526	-	12,293,526
Education	1,472,659	-	1,472,659	1,425,762	-	1,425,762
Visitor services	4,453,238	-	4,453,238	5,126,335	-	5,126,335
Support services						
Fundraising and membership	1,571,390	-	1,571,390	2,066,927	-	2,066,927
General and administrative						
Marketing	1,325,290	-	1,325,290	1,582,101	-	1,582,101
Administration	2,523,096	-	2,523,096	2,593,051	-	2,593,051
Total expenses	23,463,050	-	23,463,050	25,087,702	-	25,087,702
Change in net assets from operations	(3,552,791)	(4,540,546)	(8,093,337)	(2,247,333)	3,541,435	1,294,102
Other Income, net						
Investment return, net	566,988	2,318,476	2,885,464	533,348	2,514,658	3,048,006
Change in Net Assets	(2,985,803)	(2,222,070)	(5,207,873)	(1,713,985)	6,056,093	4,342,108
Net Assets, beginning of year	8,611,063	79,557,760	88,168,823	10,325,048	73,501,667	83,826,715
Net Assets, end of year	\$ 5,625,260	\$ 77,335,690	\$ 82,960,950	\$ 8,611,063	\$ 79,557,760	\$ 88,168,823

See Notes to Financial Statements

**The Tech Interactive**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2025**

	Programs				Support Services				
	Exhibits, Programs and Experiences	Education	Visitor Services	Total Program Services	Fundraising and Membership	General and Administrative		Total Support Services	Total
						Marketing	Administration		
Salaries	\$ 4,848,967	\$ 782,722	\$ 2,238,700	\$ 7,870,389	\$ 853,001	\$ 249,644	\$ 925,650	\$ 2,028,295	\$ 9,898,684
Payroll Taxes	351,898	54,600	163,431	569,929	64,210	16,223	54,200	134,633	704,562
Benefits	272,454	51,191	161,877	485,522	44,905	54,071	172,802	271,778	757,300
Professional Fees	566,404	64,238	91,330	721,972	254,678	42,841	479,342	776,861	1,498,833
Materials and Supplies	429,758	37,425	211,608	678,791	9,361	61,089	42,812	113,262	792,053
Advertising and Public Relations	33,712	1,391	389	35,492	4,654	645,046	564	650,264	685,756
Purchased Services	804,721	100,531	591,499	1,496,751	20,079	27,439	40,667	88,185	1,584,936
Royalties	242,039	-	14,756	256,795	-	975	-	975	257,770
In-Kind Expenses	176,021	-	-	176,021	-	-	-	-	176,021
Occupancy	1,704,538	287,790	719,515	2,711,843	91,451	104,461	644,243	840,155	3,551,998
Donated Rent	1,252,150	47,186	62,011	1,361,347	17,942	12,355	12,355	42,652	1,403,999
Building and Equipment Rental	262,546	-	-	262,546	11,477	77,125	-	88,602	351,148
Depreciation and Amortization	830,963	24,733	17,941	873,637	9,176	6,942	5,774	21,892	895,529
The Tech Challenge and Related Expenses	215,548	245	73,897	289,690	181,306	22,880	16,307	220,493	510,183
Insurance	125,360	20,607	106,241	252,208	4,073	4,073	14,138	22,284	274,492
Bad Debt	-	-	-	-	-	-	100,000	100,000	100,000
Other	298	-	43	341	5,077	126	14,242	19,445	19,786
Total expenses	<u>\$ 12,117,377</u>	<u>\$ 1,472,659</u>	<u>\$ 4,453,238</u>	<u>\$ 18,043,274</u>	<u>\$ 1,571,390</u>	<u>\$ 1,325,290</u>	<u>\$ 2,523,096</u>	<u>\$ 5,419,776</u>	<u>\$ 23,463,050</u>

See Notes to Financial Statements

**The Tech Interactive**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2024**

	Programs				Support Services				
	Exhibits, Programs and Experiences	Education	Visitor Services	Total Program Services	Fundraising and Membership	General and Administrative		Total Support Services	Total
						Marketing	Administration		
Salaries	\$ 4,574,994	\$ 584,825	\$ 2,872,732	\$ 8,032,551	\$ 1,125,956	\$ 697,018	\$ 1,314,157	\$ 3,137,131	\$ 11,169,682
Payroll Taxes	343,478	45,206	215,582	604,266	82,029	50,699	73,294	206,022	810,288
Benefits	243,393	36,198	182,059	461,650	69,744	72,851	143,156	285,751	747,401
Professional Fees	646,661	302,732	24,741	974,134	431,292	105,098	261,714	798,104	1,772,238
Materials and Supplies	343,223	11,403	299,310	653,936	9,640	29,478	78,211	117,329	771,265
Advertising and Public Relations	316,157	20,136	8,319	344,612	2,769	464,711	1,668	469,148	813,760
Purchased Services	1,011,553	101,301	633,284	1,746,138	42,588	20,723	42,420	105,731	1,851,869
Royalties	285,775	-	-	285,775	-	1,000	-	1,000	286,775
In-Kind Expenses	65,451	-	-	65,451	12,355	-	14,500	26,855	92,306
Occupancy	1,613,978	206,049	637,287	2,457,314	73,394	80,024	598,182	751,600	3,208,914
Donated Rent	1,224,049	68,519	62,011	1,354,579	37,066	12,355	-	49,421	1,404,000
Building and Equipment Rental	330,410	-	-	330,410	-	7,800	-	7,800	338,210
Depreciation and Amortization	877,358	25,761	18,687	921,806	9,558	7,230	6,014	22,802	944,608
The Tech Challenge and Related Expenses	297,564	4,282	71,177	373,023	144,692	29,259	44,960	218,911	591,934
Insurance	118,952	19,350	100,945	239,247	3,855	3,855	3,757	11,467	250,714
Other	530	-	201	731	21,989	-	11,018	33,007	33,738
Total expenses	<u>\$ 12,293,526</u>	<u>\$ 1,425,762</u>	<u>\$ 5,126,335</u>	<u>\$ 18,845,623</u>	<u>\$ 2,066,927</u>	<u>\$ 1,582,101</u>	<u>\$ 2,593,051</u>	<u>\$ 6,242,079</u>	<u>\$ 25,087,702</u>

See Notes to Financial Statements

## The Tech Interactive

### Statements of Cash Flows

	Years Ended June 30,	
	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	\$ (5,207,873)	\$ 4,342,108
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	895,529	944,608
In-kind rent expense related to donated use of facilities	418,695	408,482
Investment return, net	(2,467,419)	(2,701,479)
Change in discount on pledges receivable	(246,565)	222,453
Change in Uncollectible Pledges	5,000	(5,000)
Amortization of operating lease right of use assets	470,155	457,916
Changes in operating assets and liabilities:		
Grants and other receivables	683,180	(1,167,185)
Pledges receivable	6,513,987	(5,747,749)
Prepaid expenses and other assets	(3,518)	(2,988)
Accounts payable	84,363	(19,311)
Accrued expenses	165,045	(220,267)
Deferred revenue	(51,504)	(7,985)
Operating lease liabilities	(458,144)	(364,444)
Net cash provided by (used in) operating activities	800,931	(3,860,841)
Cash Flows from Investing Activities:		
Net proceeds from sale and distribution of investments	7,668,994	9,667,820
Purchase of investments	(10,621,226)	(4,543,213)
Purchase of property, exhibits and equipment	(500,583)	(2,066,639)
Net cash provided by (used in) investing activities	(3,452,815)	3,057,968
Net decrease in cash and cash equivalents	(2,651,884)	(802,873)
Cash and Cash Equivalents, beginning of year	3,245,719	4,048,592
Cash and Cash Equivalents, end of year	\$ 593,835	\$ 3,245,719

See Notes to Financial Statements

## The Tech Interactive

### Notes to Financial Statements

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#### 1. Nature of Activities

The Tech Interactive's (The Tech) mission is to inspire the innovator in everyone. The Tech accomplishes its mission by engaging visitors in hands-on learning experiences involving science and technology, through high-quality professional development for teachers and by making its facilities available for teacher training, and other community convening. Through its exhibits, programs and facilities, The Tech aims to inspire learning and invigorate innovation locally, nationally and globally.

The Tech's learning experiences include interactive exhibits, hands-on science labs, after-school activities and standards-based educational IMAX films. The Tech also hosts two annual signature programs. The Tech Challenge is a team competition inspiring thousands of students in grades 4-12 to design and build devices that solve a real-world problem. For 35 years, The Tech Challenge has connected with various ethnic and socioeconomic communities to introduce students not only to science, technology, engineering, and mathematics (STEM) concepts, but also to the thrill of hands-on learning and real-world design. The Tech for Global Good inspires young people to use technology to solve global challenges by connecting with people doing just that around the world.

The Tech hosts over 307,000 people a year in its galleries and programs and has approximately 2,250 member households.

#### 2. Significant Accounting Policies

##### *Basis of Presentation:*

The Tech prepares its financial statements in accordance with accounting standards for not-for-profit organizations. The standards require not-for-profit organizations to segregate their net assets into two categories: without donor restrictions and with donor restrictions. Net assets without donor restrictions consist of net assets for which there are no donor-imposed restrictions, or for which the donor-imposed restrictions were temporary and expired during the current or previous years. Net assets with donor restrictions consist of donations that are restricted by the donor for specific purposes or for subsequent periods. Some contributions received from donors are required to be maintained in perpetuity, while others expire over time, or when the donor-imposed restriction is satisfied. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

## The Tech Interactive

### Notes to Financial Statements

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#### 2. Significant Accounting Policies (continued)

##### *Use of Estimates:*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and reported amounts of support, revenue and expenses in the financial statements and related disclosures. Significant estimates established by The Tech's management consist of the valuation of investments and the beneficial interest in use of facility. The values assigned to investments by management are considered to be the amounts that could be realized from an orderly sale or other disposition of the investments. The value assigned to the beneficial interest in use of facilities by management is considered to be the amount The Tech would otherwise be required to pay for use of the facilities. Actual results could differ from those estimates.

##### *Revenue Recognition:*

The Tech determines revenue recognition for its revenue-producing activities under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (Topic 606) through the following steps:

- Identification of the contract or agreement with a customer
- Identification of the performance obligations in the contract or agreement
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract or agreement
- Recognition of revenue when, or as, The Tech satisfies a performance obligation

Admission and fees are recognized as revenue when received. Membership dues are deferred upon renewal and recognized ratably over the membership period, generally for one to two years, following the period of receipt. Rental income is recognized when events occur. Amounts received for services or events not yet provided are recorded as deferred revenue, a contract liability, and are recognized in the period in which the service is provided or the event takes place. Deferred revenue was \$223,361 and \$274,865 at June 30, 2025 and 2024, respectively. (\$282,850 at June 30, 2023)

## The Tech Interactive

### Notes to Financial Statements

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#### 2. Significant Accounting Policies (continued)

##### *Support:*

The Tech recognizes grants, contributions, and pledges as revenue in the period the donor makes a promise to give that is, in substance, unconditional. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which revenue is received. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction as to time or use expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

##### *Contributed Nonfinancial Assets:*

The Tech records various types of in-kind donations including professional services, tangible assets, use of tangible assets and marketable securities. The Tech's policy is to immediately sell donated marketable securities and account for the proceeds as contributed cash and other financial assets on the Statements of Activities and Changes in Net Assets. Contributed professional services are recognized at their fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets, or the use thereof, are recognized at their fair value when promised or received, whichever is earlier. The amounts reflected in the financial statements as in-kind donations are offset by like amounts of expenses or, in the case of long-term assets, over the period benefited.

The Tech received the following contributed nonfinancial assets for the year ended June 30:

	<u>2025</u>	<u>2024</u>
Rent	\$ 985,305	\$ 995,517
Software	85,600	28,144
Other	<u>107,125</u>	<u>64,162</u>
Total	<u>\$ 1,178,030</u>	<u>\$ 1,087,823</u>

Expenses related to contributions of nonfinancial assets in fiscal 2025 on the Statement of Functional Expenses are recognized as donated rent of \$1,404,000 (shown net of the \$418,695 amortization of the beneficial interest in use of facilities in Note 7), \$85,600 of donated software and \$107,125 of other items (donated rent of \$1,404,000 net of \$408,483, \$28,144 of donated software, and \$64,162 of other items in fiscal 2024).

## The Tech Interactive

### Notes to Financial Statements

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#### 2. Significant Accounting Policies (continued)

##### *Contributed Nonfinancial Assets: (continued)*

All donated services and assets were utilized by The Tech's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets. Donated goods are valued at the prices that would be paid for purchasing similar products.

The Tech also receives a significant amount of contributed time related to program services and fundraising, which does not meet the recognition criteria described above. Accordingly, the value of this important contributed time has not been determined and is not reflected in the financial statements.

##### *Return on Investment:*

Investment income is recorded net of external and direct internal investment related expenses on the accrual method of accounting and dividends are recorded at the dividend date. Realized gains and losses on investments represent the difference between the original cost of the investments and the price on the date of sale or disposal. Unrealized gains and losses represent the difference between the current fair value of the investments and their cost basis if purchased during the years, or their value at the beginning of the year. The difference between the original cost, if purchased during the year, or the fair value at the beginning of the year and the estimated fair value at the end of the year represents cumulative unrealized gain or loss. Unrealized gains and losses are included in investment income or loss.

##### *Functional Expenses:*

The costs of providing The Tech's various programs and support services have been summarized on a functional basis in the Statements of Functional Expenses. Directly identifiable expenses are charged to the related program or service benefited. Indirect expenses are generally allocated based on operating expenses incurred and estimates of time and effort. Indirect expenses, such as occupancy and insurance, are allocated based on employee headcount. Donated rent is allocated based on the square footage used by each program or service benefitted.

##### *Cash and Cash Equivalents:*

The Tech considers all short-term highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

## The Tech Interactive

### Notes to Financial Statements

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#### 2. Significant Accounting Policies (continued)

##### *Fair Value Measurement:*

The Tech accounts for fair value measurement under FASB ASC Topic 820, *Fair Value Measurement* (Topic 820). The Tech uses a three-level hierarchy under Topic 820 for fair value measurement based on the nature of inputs used in the valuation of an asset or liability at the measurement date. The three-level hierarchy prioritizes within the measurement of fair value, the use of market-based information over entity-specific information. Fair value focuses on an exit price and is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs or methodology used for valuing financial assets and liabilities are not necessarily an indication of the risk associated with those assets and liabilities.

The three-level hierarchy for fair value measurement is defined as follows:

**Level I:** Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

**Level II:** Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

**Level III:** Inputs to the valuation methodology significant to the fair value measurement, are unobservable.

An asset or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Certificates of deposits with original maturities of greater than three months are reported at fair value based on cost and accumulated interest, which approximates fair value. Money market funds are recorded at fair value based on quoted market prices in active markets. These investments are classified under Level I of the three-level hierarchy. The Tech's fixed income investments are valued based on quoted market prices of similar assets are classified under Level II of the three-level hierarchy. The Tech's non-marketable investments in venture capital funds are classified under Level III of the three-level hierarchy. The Tech's pledges receivable not due within one year are recorded at fair value, estimated by discounting future cash flows to present value using a discount rate at the date of the financial statements, and are classified under Level II of the three-level hierarchy. At June 30, 2025 and 2024, The Tech applied a discount rate of 2.25% to long-term pledges receivable.

## The Tech Interactive

### Notes to Financial Statements

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#### 2. Significant Accounting Policies (continued)

##### *Fair Value Measurement:* (continued)

Under Topic 820, The Tech's investments in equity and fixed income funds are valued using the net asset value (NAV) per share of the entity's underlying assets as a practical expedient and are not categorized within the Topic 820 fair value hierarchy under U.S. GAAP. The value of these non-marketable investments presented in the financial statements are not necessarily indicative of amounts The Tech could realize upon liquidation of the funds and the difference between the recorded value and the amount realized could be material to the financial statements.

##### Level III Valuation Techniques:

The fair value of investments in venture capital funds is based on The Tech's percentage interest owned in each fund. The fund managers and general partner use various valuation approaches, including market and income approaches, to determine fair value of the venture capital funds. Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics and other factors. In addition, inputs can be either observable or unobservable.

The fair value of venture capital funds is initially based upon the transaction price. The fund managers and general partner rely on inputs such as multiple market price quotations from market makers (either market or indicative levels), recent transactions in the same or similar instruments, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt markets, and changes in the financial ratios or cash flows to determine ongoing fair value. The investments are adjusted to reflect illiquidity and/or non-transferability, with the amount of the discount estimated by the funds in the absence of market information. Due to the lack of observable inputs, assumptions used by the fund managers and general partner may significantly impact the resulting fair value. While the fund managers and general partner believe the valuation methods used for the venture capital funds are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of the investments could result in a different estimate of fair value at each reporting date. Estimated fair values may differ significantly from the values that would have been used had a readily available market for such investments existed, or had such investments been liquidated, and these differences could be material to the financial statements.

## The Tech Interactive

### Notes to Financial Statements

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#### 2. Significant Accounting Policies (continued)

##### *Fair Value Measurement:* (continued)

##### NAV Practical Expedient Valuation Techniques

The NAVs of the underlying investments in the equity and fixed income funds are based on valuations provided by the fund managers. The Tech reviews and evaluates the values provided by the fund managers and agrees with the valuation methods and assumptions used in determining the value of these debt and private equity investments. The value of these investments presented in the financial statements are not necessarily indicative of amounts The Tech could realize upon liquidation of the investments. Because of the inherent uncertainty of valuations, the estimated fair value may differ from the value that would have been used had a ready market for the investments existed, and the difference between the recorded value and the amount realized could be material to the financial statements.

##### *Concentrations of Credit Risk:*

Financial instruments which potentially subject The Tech to concentration of credit risk consist primarily of cash and cash equivalents, investments, pledges receivable, and grants and other receivables. The Tech's cash and cash equivalent deposits held at one commercial bank and its money market funds held at a major financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Tech's cash deposits exceeded the FDIC insured limit by \$13,349,253 and \$6,996,052 at June 30, 2025 and 2024, respectively. The Tech's investments in U.S. treasury notes, fixed income funds and equity funds are held at several major financial institutions are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000, of which \$250,000 is for cash deposits, per institution. The Tech's investment balances exceeded the SIPC insured limits by \$12,515,443 and \$12,391,831 at June 30, 2025 and 2024, respectively. Additionally, the Tech's investments include \$3,803,736 and \$7,248,472 in U.S. Treasury notes as June 30, 2025 and 2024, respectively. These securities are backed by the U.S. Department of the Treasury. Investments in venture capital funds are not insured. The Tech's investments are managed by The Tech's Board of Directors (the Board).

Receivables are generally from local donors, grantors and other sources and these balances are evaluated for collectability by The Tech on a regular basis. Management makes judgments as to the ability to collect the outstanding receivables and provides allowances for potential credit losses as needed. Credit losses have historically been within management's expectations.

## The Tech Interactive

### Notes to Financial Statements

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#### 2. Significant Accounting Policies (continued)

##### *Credit Losses:*

The Tech accounts for credit losses in accordance with FASB ASC Topic 326, *Financial Instruments – Credit Losses*. The standard requires all entities to evaluate, on an ongoing basis, future expected credit losses for financial instruments recorded at amortized cost. The Tech measures and recognizes credit losses based on historical experience, an evaluation of customer credit worthiness, and the use of reasonably supportable forecasted conditions to determine collectability of its accounts receivable.

##### *Property, Exhibits and Equipment:*

The Tech capitalizes property, exhibits and equipment acquisitions over \$3,000. Purchased or constructed property, exhibits and equipment are recorded at cost. Donated property, exhibits and equipment are recorded at their estimated fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to 20 years. Construction in progress is not depreciated until placed into service. Leasehold improvements are amortized over the shorter of the asset's estimated useful life or the remaining lease term.

Gifts of property, exhibits and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

##### *Leases:*

The Tech accounted for its leases in accordance with FASB ASC Topic 842, *Leases*, which requires all entities that lease assets with terms greater than twelve months to capitalize the assets as operating lease right of use assets (ROU) and operating lease liabilities on the statement of financial position. The Tech leased an exhibit and its San Jose facility under operating lease agreements, which are included in the operating right of use assets and operating lease liabilities on the statement of financial position (Note 9). The Tech has elected not to capitalize operating leases with terms of twelve months or less.

## The Tech Interactive

### Notes to Financial Statements

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#### 2. Significant Accounting Policies (continued)

##### *Accounting for Impairment of Long-Lived Assets:*

Long-lived assets consist of property, exhibits and equipment and the ROU assets. The Tech reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. When it is determined the carrying value of long-lived assets may not be recoverable, The Tech measures any impairment based on projected discounted cash flows using a discount rate commensurate with the risk inherent in its current operating model. The Tech has not recorded any impairment of its long-lived assets through June 30, 2025.

##### *Advertising Costs:*

Costs associated with advertising are expensed when incurred. Advertising costs were approximately \$603,000 and \$730,000 for the years ended June 30, 2025 and 2024, respectively.

##### *Income Taxes:*

The Tech has been determined to be exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) of the Code, and from California income taxes under Section 23701(d) of the California Revenue and Taxation Code.

The Tech applies the provisions set forth in FASB ASC Topic 740, *Income Taxes*, to account for the uncertainty in income taxes. The Tech has assessed all income tax positions taken where the statute of limitations remains open. The Tech believes its tax filing positions will be sustained upon tax examination; therefore, no liability for uncertain income tax positions has been recorded at June 30, 2025 and 2024. The Tech does not anticipate any significant increases or decreases to uncertain income tax positions during the next twelve months.

Although an organization is recognized as tax exempt, it is still liable for tax on its unrelated business taxable income (UBTI). The Tech believes it does not have UBTI that would result in an income tax liability at June 30, 2025 and 2024.

The Tech's federal exempt organization business income tax return (Form 990T) is subject to examination, generally for three years after it is filed with the Internal Revenue Service, or the due date, whichever is later. The Tech's California exempt organization business income tax return is subject to examination, generally for four years after it is filed with the Franchise Tax Board, or the due date, whichever is later.

## The Tech Interactive

### Notes to Financial Statements

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#### 2. Significant Accounting Policies (continued)

##### *Reclassification:*

Certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 financial statement presentation with no effect to the change in net assets.

#### 3. Liquidity and Availability of Resources

The table below represents financial assets available for general expenditures within one year at June 30, 2025:

Cash and cash equivalents	\$ 593,835
Grants and other receivables	714,142
Pledges receivable, net	1,362,011
Investments	<u>35,161,547</u>
Total financial assets	<u>37,831,535</u>
Less amounts not available to be used within one year:	
Funds received from donors restricted for programs	9,419,375
Pledges and accounts receivable due in one to five years, net of discount	166,318
Pledges and accounts receivable due in less than one year restricted for purpose	1,900,693
Undesignated endowment income (Note 11)	8,652,826
Investments in donor restricted endowments held in perpetuity (Note 11)	<u>16,715,706</u>
Financial assets not available to be used within one year	<u>36,854,918</u>
Add: Appropriation from endowment for next fiscal year to be released on July 1st:	<u>1,739,456</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,716,073</u>

## The Tech Interactive

### Notes to Financial Statements

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#### 3. Liquidity and Availability of Resources (continued)

The table below represents financial assets available for general expenditures within one year at June 30, 2024:

Cash and cash equivalents	\$ 3,245,719
Grants and other receivables	1,397,322
Pledges receivable, net	7,634,433
Investments	<u>29,741,896</u>
Total financial assets	<u>42,019,370</u>
Less amounts not available to be used within one year:	
Funds received from donors restricted for programs	6,782,258
Pledges and accounts receivable due in one to five years, net of discount	6,239,391
Pledges and accounts receivable due in less than one year restricted for purpose	2,771,175
Undesignated endowment income (Note 11)	8,130,593
Investments in donor restricted endowments held in perpetuity (Note 11)	<u>16,715,706</u>
Financial assets not available to be used within one year	<u>40,639,123</u>
Add: Appropriation from endowment for next fiscal year to be released on July 1st:	<u>1,796,443</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,176,690</u>

The Tech monitors liquidity and the availability of its resources on an ongoing basis to ensure adherence to donor restrictions, contractual commitments and legal requirements for the use of funds while also maximizing the return on investments.

The Tech considers funds with donor restrictions of time periods greater than one year and to purpose to be unavailable for use in general expenditures. Other contractual commitments may require The Tech's assets to be maintained for a period of time before becoming accessible through redemption or withdrawal. The assets bound by contractual commitments are not available for general expenditures within one year.

The Tech has donor-restricted assets held within an endowment fund (Note 13) that are also restricted to use based on state and federal law. Up to 7% of the endowment assets average fair value over a three-year moving period may be appropriated and used for general expenditures within twelve months. The Board will appropriate such resources when and if considered necessary.

## The Tech Interactive

### Notes to Financial Statements

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#### 4. Pledges Receivable

Pledges receivable are summarized as follows at June 30:

	<u>2025</u>	<u>2024</u>
The Tech 3.0 Campaign	\$ -	\$ 407,647
The Tech 4.0 Campaign	717,620	6,660,749
Sustainable Cities Lab	500,000	500,000
Education	132,641	-
Other	11,750	66,037
Net pledges receivable	<u>\$ 1,362,011</u>	<u>\$ 7,634,433</u>
Receivable in less than one year	\$ 1,195,693	\$ 2,091,037
Receivable in one to five years	<u>170,716</u>	<u>5,789,359</u>
	1,366,409	7,880,396
Less: unamortized discount to present value	<u>(4,398)</u>	<u>(245,963)</u>
Net pledges receivable	<u>\$ 1,362,011</u>	<u>\$ 7,634,433</u>

The amounts raised will be used to fund various programs and functions of The Tech, including construction and ongoing staffing and maintenance of new exhibits. Through June 30, 2025, The Tech has raised \$8,741,000 for the Tech 4.0 Campaign, of which \$7,820,000 had been received.

On June 27, 2023, the State of California approved its fiscal 2023-2024 budget, which included \$3,000,000 for The Tech to support local field trips. In fiscal 2023-2024, The Tech received a grant agreement from the State of California. Funds are reimbursed as requested and in accordance with project deliverables. Revenue is recognized as cash is earned. In fiscal 2025, no cash was received (\$2,250,000 received in fiscal 2024). The Tech expects the remaining \$750,000 to be earned in fiscal 2026 upon local field trips being completed.

## The Tech Interactive

### Notes to Financial Statements

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#### 5. Investments

The following table presents the financial instruments carried at fair value at June 30, 2025:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>NAV</u>	<u>Total</u>
U.S. treasury notes	\$ 3,803,737	\$ -	\$ -	\$ -	\$ 3,803,737
Money market funds	13,242,922	-	-	-	13,242,922
Fixed income funds	-	135,209	-	129,497	264,706
Venture capital funds	-	-	5,099,446	-	5,099,446
Equity funds	-	-	-	12,750,736	12,750,736
Total	<u>\$ 17,046,659</u>	<u>\$ 135,209</u>	<u>\$ 5,099,446</u>	<u>\$ 12,880,233</u>	<u>\$ 35,161,547</u>

The following table presents the financial instruments carried at fair value at June 30, 2024:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>NAV</u>	<u>Total</u>
U.S. treasury notes	\$ 7,248,472	\$ -	\$ -	\$ -	\$ 7,248,472
Money market funds	4,395,662	-	-	-	4,395,662
Fixed income funds	-	127,237	-	122,298	249,535
Venture capital funds	-	-	5,205,931	-	5,205,931
Equity funds	-	-	-	12,642,296	12,642,296
Total	<u>\$ 11,644,134</u>	<u>\$ 127,237</u>	<u>\$ 5,205,931</u>	<u>\$ 12,764,594</u>	<u>\$ 29,741,896</u>

There were no purchased investments classified, by The Tech, within Level III of the fair value hierarchy in fiscal 2025 (\$69,000 in fiscal 2024). There were no transfers between the levels of the fair value hierarchy in fiscal 2025 or 2024.

## The Tech Interactive

### Notes to Financial Statements

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#### 5. Investments (continued)

##### *Level III Investments:*

The following table summarizes the quantitative inputs and assumptions used, and the remaining capital commitments and termination dates for investments categorized as Level III under the fair value hierarchy:

	Fair Value at <u>June 30, 2025</u>	Fair Value at <u>June 30, 2024</u>	Remaining Commitment at <u>June 30, 2025</u>	Term Date**
Legacy Venture V, LLC	\$ 259,339	\$ 273,293	\$ -	December 31, 2024*
Legacy Venture VII, LLC	2,353,593	2,471,318	-	December 31, 2026
Legacy Venture VIII, LLC	1,366,990	1,384,055	15,000	December 31, 2028
Legacy Venture IX, LLC	1,104,670	1,064,694	45,000	December 31, 2030
University Technology Ventures, L.P.	<u>14,854</u>	<u>12,571</u>	<u>31,328</u>	December 31, 2019*
Total	<u>\$ 5,099,466</u>	<u>\$ 5,205,931</u>	<u>\$ 91,328</u>	

\* The investment fund is in liquidation at June 30, 2025.

\*\* The investment fund continues in existence until the term end date, or until the earlier termination or extension of the entity in accordance with provisions of the limited partnership agreement or operating agreement. Redemption not permitted during the life of the entity without prior written consent of the general partner or managing member or upon an affirmative vote by members, within the terms of the limited partnership agreement or operating agreement.

The investments categorized as Level III under the fair value hierarchy are valued using a market approach technique. Unobservable inputs to the valuation include an illiquidity discount.

##### *Investments Valued Using NAV:*

Investments valued using NAV as a practical expedient are as follows:

	Fair Value at <u>June 30, 2025</u>	Fair Value at <u>June 30, 2024</u>	Redemption Frequency	Redemption Notice
Equity funds	\$ 12,750,736	\$ 12,642,296	Daily - Annually	1 - 90 days
Fixed income funds	<u>129,497</u>	<u>122,298</u>	Daily - Monthly	1 - 5 days
Total	<u>\$ 12,880,233</u>	<u>\$ 12,764,594</u>		

## The Tech Interactive

### Notes to Financial Statements

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#### 5. Investments (continued)

##### *Investments Valued Using NAV:*

The equity funds include investments in actively managed funds that invest in stocks or other securities issued by companies in domestic and foreign markets. The fixed income funds include investments in actively managed funds that invest in government, corporate or sovereign bonds. Investments are held in a commingled trust.

#### 6. Property, Exhibits and Equipment

Property, exhibits and equipment consists of the following at June 30:

	<u>2025</u>	<u>2024</u>
Exhibits	\$ 18,629,030	\$ 18,182,734
Building and leasehold improvements	13,651,295	13,290,405
Equipment	8,264,560	8,264,561
Computer software	11,000	11,000
Construction in progress	<u>1,926,167</u>	<u>2,232,769</u>
	42,482,052	41,981,469
Accumulated depreciation and amortization	<u>(35,868,247)</u>	<u>(34,972,718)</u>
Property, exhibits and equipment, net	<u>\$ 6,613,805</u>	<u>\$ 7,008,751</u>

Museum exhibits are generally constructed by The Tech and consist of materials, supplies, salaries and related benefits. Exhibits under construction are recorded as construction in progress, which will be recorded as exhibits and depreciated when placed in service.

#### 7. Beneficial Interest in Use of Facilities

In fiscal 2020, The Tech entered into a 55-year agreement with the City of San Jose to lease its primary facility and an adjacent exhibition hall for \$1 per year. The Tech has recorded an asset to reflect a beneficial interest in the use of the facilities, representing the estimated fair value of the lease at its inception. The asset is being amortized over the lease term to donated rent.

## The Tech Interactive

### Notes to Financial Statements

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#### 7. Beneficial Interest in Use of Facilities (continued)

The beneficial interest in the use of facility is as follows at June 30:

	<u>2025</u>	<u>2024</u>
Total benefit in interest in use of facilities	\$ 68,796,000	\$ 70,200,000
Less discount to net present value at (2.5%)	<u>(28,398,492)</u>	<u>(29,383,797)</u>
Net beneficial interest in use of facilities	<u>\$ 40,397,508</u>	<u>\$ 40,816,203</u>

The following amounts have been recognized in the financial statements in connection with the beneficial interest in use of facilities for fiscal:

	<u>2025</u>	<u>2024</u>
Rent expense	\$ 1,404,000	\$ 1,404,000
Amortization of discount	<u>(985,305)</u>	<u>(995,518)</u>
Net decrease in temporarily restricted net assets	<u>\$ 418,695</u>	<u>\$ 408,482</u>

#### 8. Borrowings

##### *Line of Credit:*

In fiscal 2025, The Tech extended a \$2,000,000 line of credit with a bank with a maturity date of January 2026. Borrowings under the agreement bear interest at 8.65%. No principal was drawn and no interest was paid in fiscal 2025.

#### 9. Lease Arrangements

##### *Operating Lease:*

The Tech leases an exhibit (Body Worlds Decoded) under a non-cancelable operating lease agreement, which expires in June 2027. The Tech also leases a facility in San Jose, California under a non-cancelable operating lease agreement expiring in June 2029.

## The Tech Interactive

### Notes to Financial Statements

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#### 9. Lease Arrangements (continued)

The San Jose lease agreement contains scheduled rent increases. The leases are classified as operating leases under Topic 842 where the operating lease ROU assets are amortized over the remaining operating lease term, which was five years for the San Jose lease and three years for Body Worlds Decoded lease. Interest expense on the operating lease liabilities is recorded using the interest method with a weighted average risk-free discount rate of 2.8%. The lease liabilities are collateralized by the leased assets. At June 30, 2025, the remaining weighted average lease term was 32.84 months.

Lease expense under the operating leases, including interest on the operating lease liabilities, was \$485,000 in fiscal 2025 (\$554,000 in fiscal 2024).

Cash paid for amounts included in the measurement of operating lease liabilities was approximately \$458,144 in fiscal 2025 (\$411,704 in fiscal 2024).

Future minimum lease payments under these operating lease liabilities are as follows:

Years ending June 30:	
2026	\$ 532,500
2027	538,500
2028	150,000
2029	<u>156,000</u>
Total minimum lease payments	1,377,000
Less amount representing interest	<u>(56,188)</u>
Present value of operating lease liabilities	1,320,812
Less current portion	<u>(501,645)</u>
Noncurrent portion	<u>\$ 819,167</u>

#### 10. Commitments and Contingencies

In fiscal 2018, The Tech purchased a laser dome theater system for \$1,600,000 for the development and operation of a state of the art IMAX theater, which is classified as equipment at June 30, 2025 and 2024. The purchase agreement allows The Tech to operate the theater under a ten-year license agreement with IMAX and provides The Tech an option to renew the license for an additional five years. The option is contingent on the payment of the amount IMAX estimates it would incur to refurbish and upgrade the theater system to the then current IMAX technology. The agreement also includes an annual maintenance fee of \$55,000 per year. The Tech is also subject to additional payments based on 5% of annual gross IMAX revenue over \$1,000,000. The Tech did not incur any additional rent in fiscal 2025 or 2024.

## The Tech Interactive

### Notes to Financial Statements

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#### 11. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted by donors by time or for the purposes described below. Net assets with donor restrictions consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Beneficial interest in use of facilities	\$ 40,397,508	\$ 40,816,203
Tech 3.0	615,965	2,309,019
Tech 4.0	3,895,684	2,753,037
Bio Design	257,726	-
Tech for Global Good	-	357,580
Education Programs	4,650,000	-
Receivables	2,150,275	8,475,622
Undesignated endowment income	8,652,826	8,130,593
Investments held in perpetuity	<u>16,715,706</u>	<u>16,715,706</u>
	<u>\$ 77,335,690</u>	<u>\$ 79,557,760</u>

#### 12. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors, including the passage of time. Net assets were released from restrictions as follows for fiscal year:

	<u>2025</u>	<u>2024</u>
Operations	\$ 7,709,981	\$ 9,053,963
Designated endowment income	1,796,443	1,410,746
Beneficial interest in use of facility	<u>418,695</u>	<u>408,482</u>
	<u>\$ 9,925,119</u>	<u>\$ 10,873,191</u>

## The Tech Interactive

### Notes to Financial Statements

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#### 13. Endowment

The Tech's endowment consists of contributions receivable or received, which are permanently restricted in perpetuity by the donors. As required under U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Tech has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original donor gift restricted in perpetuity, absent explicit donor stipulations to the contrary. As a result of this interpretation, The Tech classifies net assets restricted in perpetuity as: (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment. The remaining portion of the donor-restricted endowment that is not restricted in perpetuity is classified as net assets with donor restrictions (Note 11) until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA. Once appropriated, these amounts are classified as net assets without donor restrictions.

In accordance with UPMIFA, The Tech considers the following factors in appropriating or accumulating donor-restricted endowment assets:

- (1) The duration and preservation of the Endowment;
- (2) The purposes of The Tech and the donor-restricted Endowment;
- (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 Tech;
- (7) The Tech's investment policies.

Endowment assets consist of the following at June 30, 2025:

Endowment Funds Restricted in Perpetuity	\$ 16,715,706
Undesignated Endowment Income	<u>8,652,326</u>
	<u>\$ 25,368,532</u>

Endowment assets consist of the following at June 30, 2024:

Endowment Funds Restricted in Perpetuity	\$ 16,715,706
Undesignated Endowment Income	<u>8,130,593</u>
	<u>\$ 24,846,299</u>

## The Tech Interactive

### Notes to Financial Statements

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#### 13. Endowment (continued)

Changes in endowment assets for fiscal 2025 are as follows:

Endowment Assets, beginning of year	\$ 24,846,299
Net appreciation	2,318,676
Appropriated for expenditure	<u>(1,796,443)</u>
Endowment Assets, end of year	<u>\$ 25,368,532</u>

Changes in endowment assets for fiscal 2024 are as follows:

Endowment Assets, beginning of year	\$ 23,742,386
Net appreciation	2,514,659
Appropriated for expenditure	<u>(1,410,746)</u>
Endowment Assets, end of year	<u>\$ 24,846,299</u>

The Tech has adopted an investment policy for endowment assets with the primary objectives to preserve the real purchasing power of the principal and provide a stable source of perpetual financial support. Under this policy, the investments are diversified to help minimize the overall risk of the portfolio. On an annualized, net-of-fee basis, the total return of the portfolio will be expected to equal or exceed the spending rate (targeted at a minimum of 7% per annum) plus inflation based on the consumer price index over a rolling five-year period. Additionally, the returns should show favorable, relative performance characteristics.

It is The Tech's policy, subject to maximum distribution defined as 7% of the three-year moving average fair value of the endowment assets, to determine the appropriate annual cash distribution from the endowment to support its operations; however, in no event will the spending policy adopted result in the fair value of the endowment to be less than the amount the donor or UPMIFA requires to be held in perpetuity.

#### 14. Related Parties

The Tech's Board is active in oversight of fundraising events, activities and in making private contributions. Contributions received from the Board or from companies with which Board members are affiliated with were \$1,875,000 in fiscal 2025 (\$1,706,000 in fiscal 2024). There are no amounts due from the Board and affiliates at June 30, 2025 or 2024.

## **The Tech Interactive**

### **Notes to Financial Statements**

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#### 15. Employee Benefit Plan

The Tech has a defined contribution retirement plan covering substantially all employees. The purpose of the plan is to provide retirement benefits for participating employees on a tax-deferred basis. The Tech did not make contributions to the plan in fiscal 2025 or 2024.

#### 16. Subsequent Events

Subsequent events have been evaluated through December 26, 2025, which is the date the financial statements were approved by The Tech and available to be issued. No items requiring disclosure in the financial statements have been identified other than those presented.