



GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

**Japanese Garden Society
of Oregon
(Portland Japanese Garden)**

Consolidated Financial Statements and Other Information
as of and for the Year Ended December 31, 2022
and Reports of Independent Accountants

JAPANESE GARDEN SOCIETY OF OREGON

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REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Trustees
Japanese Garden Society of Oregon:*

Opinion

We have audited the accompanying consolidated financial statements of the Japanese Garden Society of Oregon (dba “Portland Japanese Garden”), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Japanese Garden Society of Oregon as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 Japanese Garden Society of Oregon and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Japanese Garden Society of Oregon'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Japanese Garden Society of Oregon's ability to continue as a going concern for a reasonable period of time.

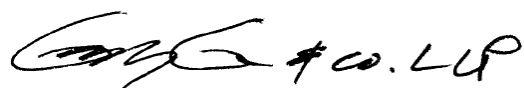
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 25 through 26 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Summarized Comparative Information

We have previously audited the Japanese Garden Society of Oregon's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



May 3, 2023

JAPANESE GARDEN SOCIETY OF OREGON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR 2021)

	2022	2021
Assets:		
Cash and cash equivalents	\$ 1,429,543	2,785,590
Accounts receivable	29,073	51,727
Contributions receivable <i>(note 4)</i>	5,349,272	4,382,719
Inventories	214,972	179,503
Prepaid expenses and other assets	303,696	363,002
Investments <i>(note 5)</i>	4,572,671	4,773,233
Garden, buildings, and equipment <i>(notes 6, 8 and 9)</i>	36,281,795	31,908,903
Right-of-use-assets – operating leases <i>(note 7)</i>	277,979	–
Total assets	\$ 48,459,001	44,444,677
Liabilities:		
Accounts payable and accrued expenses	208,757	344,338
Accrued payroll	315,257	247,714
Construction payable	353,834	38,000
Deferred revenue	168,504	145,995
Lines of credit <i>(note 8)</i>	2,000,000	–
Notes payable <i>(note 9)</i>	552,636	594,543
Lease obligations – operating leases <i>(note 7)</i>	279,568	–
Total liabilities	3,878,556	1,370,590
Net assets:		
Without donor restrictions:		
Available for programs and general operations	1,865,983	2,480,028
Designated by the Board <i>(note 11)</i>	339,513	537,761
Net investment in capital assets	33,729,159	31,314,360
Total without donor restrictions	35,934,655	34,332,149
With donor restrictions <i>(note 12)</i>	8,645,790	8,741,938
Total net assets	44,580,445	43,074,087
Commitments and contingencies <i>(notes 4, 6, 7, 8, 10, 18 and 19)</i>		
Total liabilities and net assets	\$ 48,459,001	44,444,677

See accompanying notes to consolidated financial statements.

JAPANESE GARDEN SOCIETY OF OREGON
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021
	Without donor restrictions	With donor restrictions	Total	
Operating revenues and gains:				
Gate receipts	\$ 5,868,584	–	5,868,584	5,019,007
Gift store, merchandise, and café sales, net of costs of sales of \$1,396,507 in 2022 and \$963,275 in 2021	1,604,835	–	1,604,835	1,037,292
Culture, arts, and educational workshops, net of costs of sales of \$20,747 in 2022 and \$3,139 in 2021	84,857	–	84,857	38,914
Operating investment return, net (<i>note 5</i>)	14,051	–	14,051	778
Other revenues	21,219	–	21,219	4,806
Total operating revenues and gains	7,593,546	–	7,593,546	6,100,797
Public support:				
Society dues	1,110,361	–	1,110,361	924,355
Contributions and bequests	1,041,953	320,608	1,362,561	1,217,367
Covid-19 related federal government grants	–	–	–	4,640,496
In-kind contributions (<i>note 14</i>)	144,371	–	144,371	92,448
Total public support	2,296,685	320,608	2,617,293	6,874,666
Other transactions:				
Appropriation of endowment assets for expenditure (<i>note 16</i>)	9,331	159,942	169,273	148,273
Net assets released from restrictions for operating purposes (<i>note 13</i>)	1,848,129	(1,848,129)	–	–
Total other transactions	1,857,460	(1,688,187)	169,273	148,273
Total operating revenues, gains, and other support	\$ 11,747,691	(1,367,579)	10,380,112	13,123,736

Continued

JAPANESE GARDEN SOCIETY OF OREGON

CONSOLIDATED STATEMENT OF ACTIVITIES, CONTINUED

YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021
	Without donor restrictions	With donor restrictions	Total	
Expenses (<i>note 15</i>):				
Program services	\$ 9,627,831	–	9,627,831	6,401,329
Management and general	1,680,362	–	1,680,362	1,411,640
Fundraising	977,976	–	977,976	854,977
Total expenses	12,286,169	–	12,286,169	8,667,946
Increase (decrease) in net assets before non-operating activities	(538,478)	(1,367,579)	(1,906,057)	4,455,790
Non-operating activities:				
Endowment and quasi-endowment gifts	26,813	110,000	136,813	190,154
Total endowment return, net (<i>note 5</i>)	(37,547)	(760,944)	(798,491)	471,815
Appropriation of endowment assets for expenditure (<i>note 16</i>)	(9,331)	(159,942)	(169,273)	(148,273)
Japan Institute capital campaign contributions:				
Donor-restricted gifts	–	4,145,659	4,145,659	2,455,287
Unrestricted gifts designated by the Board	–	–	–	20,000
In-kind campaign contributions (<i>note 14</i>)	77,707	20,000	97,707	95,040
Other capital contributions	–	–	–	52,977
Loss on disposal of capital assets	–	–	–	(5,556)
Prepayment penalty on extinguishment of debt	–	–	–	(46,759)
Net assets released from restrictions for capital purposes (<i>note 13</i>)	2,083,342	(2,083,342)	–	–
Total non-operating activities	2,140,984	1,271,431	3,412,415	3,084,685
Increase (decrease) in net assets	1,602,506	(96,148)	1,506,358	7,540,475
Net assets at beginning of year	34,332,149	8,741,938	43,074,087	35,533,612
Net assets at end of year	\$ 35,934,655	8,645,790	44,580,445	43,074,087

See accompanying notes to consolidated financial statements.

JAPANESE GARDEN SOCIETY OF OREGON

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			Total	2021
	Program services	Management and general	Fundraising		
Salaries and related costs	\$ 5,638,120	1,232,239	612,312	7,482,671	5,496,969
Professional services	542,881	132,079	12,761	687,721	521,729
Culture and Arts programming	166,685	–	–	166,685	58,863
Interest	1,084	27,916	–	29,000	164,678
Fees and licenses	315,856	11,356	22,595	349,807	254,728
Public relations and advertising	249,735	26,121	6,338	282,194	136,097
Travel and transportation	254,503	2,712	46,264	303,479	61,724
Other programming costs	491,193	573	240	492,006	71,178
Repair and maintenance	130,851	955	1,234	133,040	123,833
Office expense	239,407	41,349	37,782	318,538	220,302
Utilities	154,269	49,297	14,826	218,392	183,562
Donor cultivation	–	–	189,552	189,552	113,171
Membership fulfillment and events	114,563	–	–	114,563	53,179
Insurance	215,993	36,644	9,242	261,879	130,161
Occupancy	66,536	30,498	6,794	103,828	73,598
Other	211,771	43,450	15,937	271,158	126,837
Total expenses before depreciation and amortization	8,793,447	1,635,189	975,877	11,404,513	7,790,609
Depreciation and amortization	834,384	45,173	2,099	881,656	877,337
Total expenses	\$ 9,627,831	1,680,362	977,976	12,286,169	8,667,946

See accompanying notes to consolidated financial statements.

JAPANESE GARDEN SOCIETY OF OREGON

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
Cash flows from operating activities:		
Cash received from contributors and grantors	\$ 3,654,194	7,571,156
Cash received from admissions, gift sales, and other	9,041,912	7,078,982
Cash received for interest	88,778	63,057
Cash paid for interest	(29,000)	(165,931)
Cash paid to employees and suppliers	(12,637,716)	(8,421,131)
Cash paid for amounts included in the measurement of operating lease obligations	(78,277)	–
Net cash provided by operating activities	39,891	6,126,133
Cash flows from investing activities:		
Capital expenditures (including capitalized interest of \$163,655 in 2022)	(799,375)	(326,226)
Reinvestment of investment income	(72,111)	(59,664)
Proceeds from the sale of investments	–	148,273
Purchases of investments	(600,545)	(194,905)
Net cash used in investing activities	(1,472,031)	(432,522)
Cash flows from financing activities:		
Contributions restricted for long-term investment	100,000	150,000
Capital contributions	18,000	55,130
Japan Institute capital campaign contributions for capital acquisitions	2,000,000	366,464
Principal payments on debt	(2,041,907)	(4,006,846)
Prepayment penalty on extinguishment of debt	–	(46,759)
Net cash used in financing activities	76,093	(3,482,011)
Net increase (decrease) in cash and cash equivalents	(1,356,047)	2,211,600
Cash and cash equivalents at beginning of year	2,785,590	573,990
Cash and cash equivalents at end of year	\$ 1,429,543	2,785,590

Supplemental schedule of non-cash investing and financing activities:

Debt financing of property acquisitions	\$ 4,000,000	–
Right-of-use assets upon FASB ASU 2016-02 implementation – operating leases	161,949	–
Right-of-use assets obtained in exchange for new operating lease obligations	195,896	–

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

1. Organization

The Japanese Garden Society of Oregon (the “Society”) (*dba* Portland Japanese Garden) was born out of a belief in the power of cultural exchange. Incorporated as a nonprofit organization in 1962 with the goal of healing wounds from WWII, members of the community created a traditional Japanese garden as an accessible portal for other cultures to discover and appreciate Japanese culture.

The meticulously maintained 12-acre Garden site is nestled in the hills of Portland. It overlooks the city and provides a tranquil, urban oasis for nearly 500,000 locals and global visitors alike, every year. Guests regularly describe how visits to the Garden improve their welfare, inspire creativity, and renew mental well-being. Often referred to as a museum for Japanese gardens, Portland Japanese Garden also serves as a living “classroom” that offers tremendous opportunities for experiential learning to all who enter its gates.

In addition to the physical garden experience, the Society offers innovative programs, global collaborations, and experiential education for youth and adults that serve as a window into Japanese arts and culture. Now housed under the umbrella of the Japan Institute, these programs fall into three centers: International Japanese Garden Training Center; Global Center for Culture & Art; and International Exchange Forum. From 15-minute free demonstrations of tea ceremony to two-week intensive Japanese gardening seminars to international Peace Symposia, the programs are all informed by the Garden itself and work toward our mission of *Inspiring Peace & Harmony*.

2. Recently-Adopted Accounting Standard

In February of 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which requires lessees to record right-of-use (“ROU”) assets and related lease obligations on the statement of financial position for all leases with a term longer than 12 months. On January 1, 2022, the Society adopted ASU No. 2016-02, as amended.

At the time of adoption, and in accordance with ASU 2016-02, the Society elected the package of practical expedients to not reassess: 1) whether any expired or existing contracts are or contain a lease, 2) lease classification for any expired or existing leases, and 3) whether previously capitalized initial direct costs would qualify for capitalization under Topic 842. The Society has also elected the short-term lease exemption policy which permits an organization to not recognize leases, at the commencement date, with a lease term of 12 months or less in its statement of financial position. The Society uses a risk-free rate at lease commencement date for discounting leases, and has elected not to separate lease and non-lease components in the calculation of the ROU assets and lease obligations. The organization also elected the practical expedient to use hindsight when determining lease term.

The Society elected the modified retrospective transition approach with the cumulative effect of application recognized at the effective date of adoption and comparative periods are not adjusted.

As a result of adoption, on January 1, 2022, the Society recognized (a) operating ROU assets totaling \$161,949 and (b) operating lease obligations of \$161,949, which represents the present value of the remaining lease payments, discounted using the risk-free rate at the date of adoption measured over the remaining lease term. Accordingly, comparative prior period information has not been restated. Also see note 7.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by the Society are described below to enhance the usefulness of the consolidated financial statements to the reader.

Basis of Accounting – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of the Society, the Japanese Garden Foundation of Oregon (the “Foundation”), an organization formed in March of 2001 to raise and manage funds on behalf of the Society, and PJG Holdings, LLC (the “LLC”), a single member limited liability company formed in February of 2022 to hold certain real property. All significant intra-organizational investments, accounts, and transactions have been eliminated.

Basis of Presentation – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the Society’s Board of Trustees may designate a portion of these net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Society and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor. The balances also include net assets subject to donor-imposed stipulations that

they be maintained permanently by the Society (e.g., endowment funds). Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the consolidated financial statements, the Society considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the consolidated statement of financial position. Whenever available, quotations from organized securities exchanges are used as the basis for fair value.

Net investment return, which includes both current yield (interest and dividend income) and net appreciation (decline) in the fair value of investments (both the realized gains or losses and the unrealized appreciation (decline) of those investments), is reported in the consolidated statement of activities, net of investment expenses. Interest income is accrued as earned. All security transactions are recorded on a trade date basis.

The Society has some exposure to investment risks, including interest rate, market, and credit risks, for marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying consolidated financial statements.

Inventories – Inventories, which consist primarily of merchandise held for sale by the Society’s gift store and café, are carried at the lower of cost or market value. Cost is determined using the average cost method.

Capital Assets and Depreciation – Capital assets are carried at cost, and initially at fair value when acquired by gift. Depreciation is generally provided on a straight-line basis over the estimated useful lives of the respective assets, which is 3 to 25 years for equipment and furniture, 3 to 10 years for software, 3 to 8 years for vehicles, and 5 to 50 years for buildings and improvements.

No depreciation of the original cost of the garden and artifacts has been recorded, as management believes the annual maintenance of the garden extends its life and value. Maintenance and associated project costs are expensed on an annual basis unless the cost of a specific project exceeds \$5,000, in which case it is capitalized.

Costs related to the acquisition or construction of a capital asset are either expensed or capitalized, depending on the stage of acquisition or construction. Costs incurred during the preliminary stage are expensed as incurred. Costs related to the pre-acquisition or pre-construction stages also are expensed as incurred unless the costs are directly identifiable with the capital asset and the acquisition or construction of the asset is considered probable. Costs incurred during the construction stage are capitalized.

In addition, certain indirect costs associated with the acquisition of properties are capitalized and allocated to the properties to which the costs related, including interest expense, which is capitalized in accordance with FASB ASC No. 835-20, *Capitalization of Interest*. During the year ended December 31, 2022, interest expense totaling \$163,655 was capitalized.

The Society periodically reviews the carrying amount of capital assets whenever events or circumstances provide evidence that suggests the carrying amount may not be recoverable. As of December 31, 2022, the Society does not believe there is any indication that the carrying value of its capital assets has been impaired during the year ended December 31, 2022.

Revenue Recognition – With regard to revenues from grants and contracts, the Society evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, the Society recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.
- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, the Society evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.
- *Governmental Support* – Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government’s own use or proprietary benefit. Accordingly, if the primary beneficiary of the activity is the general public, rather than the government itself, the transaction is treated as nonreciprocal (i.e., a contribution).

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor’s commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

Contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets, in accordance with donor intent.

In-Kind Contributions – A number of unpaid volunteers have made significant contributions of their time to develop and implement the Society’s fundraising and programs. Under generally accepted accounting principles, significant services received which create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the consolidated statement of activities.

In-kind contributions of buildings, equipment, and other materials are recorded when there is an objective basis upon which to value these contributions and when the contributions are an essential part of the Society’s activities.

Revenue Recognition from Exchange Transactions – Revenue from contracts with customers is recognized as performance obligations are satisfied. The Society has several revenue streams that are accounted for as exchange transactions, including the following:

- *Gate receipts* – Ticket sales for same day admission to the Garden are recognized as revenue at the point of sale. Sales of tickets for future admission to the Garden are recognized when the tickets are exercised and redeemed.
- *Gift store and café sales* – Sales of merchandise in the gift store and sales in the café are recognized at the point of sale.
- *Membership dues* – Memberships of various categories typically last for a one-year term and payment is received at the point of membership sale. The Society divides dues from these memberships between contribution and exchange transactions and recognizes revenue for the contribution portion upon sale and the exchange portion at the time benefits are consumed by the members over the period of membership.
- *Culture, arts and educational workshops* – Fees and admissions charged for attending workshops are recognized as revenue at the time workshops are delivered.

Outstanding Legacies – The Society is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Society’s share of such bequests is recorded when the probate courts declare the testamentary instrument valid and the proceeds are measurable.

Concentrations of Credit Risk – The Society’s financial instruments consist primarily of cash, cash equivalents, and investments, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 per depositor, per insured bank, for each account ownership category. As of December 31, 2022, the Society held \$554,766 in cash balances in excess of the FDIC coverage limits.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization’s management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Advertising Expenses – Advertising and promotional costs are charged to expense as they are incurred.

Operating Results – The Society includes in its measure of operations all revenue and expenses that are integral to its programs and supporting activities. The measure of operations excludes endowment gifts, donor-restricted capital campaign contributions and grants, unrestricted gifts designated by the Board for the capital campaign, in-kind capital contributions, investment return on capital gifts, the net investment return on endowment assets (less the amount appropriated by the Board to support current operations), gain or loss on sale of capital assets, debt extinguishment costs, and net assets released from restrictions for capital purposes. In accordance with the Society’s endowment distribution policy, only the portion of total investment return distributed under this policy to meet operating needs is included in operating revenue. Other operating investment income consists of dividends, interest, and other investment return earned on unrestricted, non-endowed investments.

Income Taxes – Both the Society and the Foundation are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derive their public charity status under Sections 509(a)(1) and 509(a)(3), respectively, of the Internal Revenue Code. In February of 2022, the Society formed a single-member limited liability company, PJG Holdings, LLC (“the LLC”), to hold certain real property. As a single-member limited liability company controlled by the Society, a tax-exempt organization, the LLC is disregarded for tax purposes.

Subsequent Events – Subsequent events have been evaluated by management through May 3, 2023, which is the date the consolidated financial statements were available to be issued.

Summarized Financial Information for 2021 – The accompanying financial information as of and for the year ended December 31, 2021 is presented for comparative purposes only and is not intended to represent a complete consolidated financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the consolidated financial statements and the following notes.

4. Contributions Receivable

Contributions receivable are summarized as follows at December 31, 2022:

<i>Unconditional promises expected to be collected within:</i>	
Less than one year	\$ 1,127,241
One year to five years	3,956,846
Greater than five years	413,500
	<hr/> 5,497,587
Less unamortized discount ¹	(148,315)
	<hr/> \$ 5,349,272

¹ Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using discount rates of 0.17 % to 4.22%.

Gross contributions receivable included capital campaign pledges from the following campaigns at December 31, 2022:

Cultural Crossing campaign	\$ 1,000,000
Japan Institute campaign:	
Donor-restricted pledges	2,748,846
Unrestricted pledges designated by the Board	1,698,241
	<hr/> Total campaign pledges
	\$ 5,447,087

Conditional Grant

In July 2022, the U.S. Department of Housing and Urban Development (HUD), informed the Society that in the Consolidated Appropriations Act of 2022, Congress appropriated \$1,750,000 to fund the Society’s Japan Institute Building Renovation Project. HUD required the Society to submit certain information, including a budget for the project, in order to prepare and issue a grant agreement. The Society submitted the required information in 2023 and was issued a grant agreement. Such award will be recognized in future periods as conditions of the grant agreement are met.

5. Investments and Investment Return

Investments held by the Society at December 31, 2022 consisted of the following:

Mutual funds and ETFs	\$ 2,098,053
Corporate bonds	1,304,044
Corporate stocks	862,880
Real estate investment trusts	121,878
Commodity portfolio funds	53,616
<hr/>	
Total investments, carried at fair value	4,440,471
Cash and money market funds	132,200
<hr/>	
	\$ 4,572,671

Total return on the above investments and cash and cash equivalents for the year ended December 31, 2022 is as follows:

Interest and dividend income ¹	\$ 88,778
Net decrease in the fair value of investments	(873,218)
<hr/>	
Total net investment return	\$ (784,440)

¹ Investment income is presented net of external and direct internal investment expenses.

Total return is derived from the following investments:

Operating investments	\$ 14,051
Endowment investments	(798,491)
<hr/>	
Total net investment return	\$ (784,440)

Of the total investments at December 31, 2022, \$3,771,903 carries permanent restriction for endowment.

6. Garden, Buildings, and Equipment

A summary of garden, buildings, and equipment at December 31, 2022 is as follows:

Buildings and improvements	\$ 36,385,166
Garden and artifacts	2,355,535
Land	1,380,000
Equipment and furniture	1,252,888
Vehicles	203,033
Software	226,561
Work-in-progress	1,078,482
<hr/>	
	42,881,665
Less accumulated depreciation	(6,599,870)
<hr/>	
	\$ 36,281,795

The land upon which the garden is situated has been made available to the Society at no cost by the City of Portland through the Portland Parks and Recreation Bureau (“PPR”) under a renewable land lease agreement. No amount is included in the accompanying consolidated financial statements for the rental value of this land as such an amount is not subject to objective determination. The Society is responsible for developing and maintaining the gardens, buildings, structures, grounds, and horticultural collections, operating the garden facilities, and providing educational and horticultural programming consistent with the missions of the Society and PPR. However, the Society receives no compensation from PPR and is not liable to PPR for rent of the garden.

In June of 2017, the Society renewed its land lease agreement with the City of Portland through PPR for a term of 23 years, expiring in 2040, with an option to renew for an additional 25 years. The terms of the lease require annual rent payments of \$1 per year. Upon expiration or termination of the lease, the Society must surrender to the City of Portland all personal property and improvements, constructed or placed upon the leased premise, including buildings, structures, and towers.

7. Operating Leases

The Society leases certain office space, surface parking, and equipment under non-cancelable operating leases that expire in various years through April of 2027. Right-of-use assets (“ROU”) assets and the associated lease obligations have been recorded for these leases in accordance with FASB ASC Topic 842, *Leases*.

At December 31, 2022, the Society’s ROU assets and corresponding lease obligations totaled \$277,979 and \$279,568, respectively.

Lease expense related to these leases totaled \$79,866 for the year ended December 31, 2022.

As of December 31, 2022, the weighted-average discount rate and remaining lease term for operating leases are as follows:

Weighted-average discount rate	1.94%
Weighted-average remaining lease term (years)	3.09

Future Lease Payments

Operating lease payments are expected to be paid for each of the following fiscal years:

<i>Years ending December 31,</i>	
2023	\$ 97,859
2024	100,044
2025	59,059
2026	27,120
2027	4,588
	<hr/>
	288,670
Less present value discount	(9,102)
	<hr/>
Total lease obligations	\$ 279,568

8. Lines of Credit

In April of 2022, the LLC secured a \$4,000,000 revolving line of credit with a commercial bank for the purpose of funding the acquisition of certain real property for the Japan Institute. The interest rate is based on *The Wall Street Journal’s* prime rate, plus 0.50%, resulting in an initial rate 4.0%, the absolute minimum. The line is secured by the assets of the LLC. Total interest cost of \$163,655 was capitalized during the year ended December 31, 2022. As of December 31, 2022, there was \$2,000,000 in outstanding borrowings under this agreement.

At December 31, 2022, the Society held a line of credit in the amount of \$2,000,000 repayable with interest based on *The Wall Street Journal’s* prime rate, as published daily in *The Wall Street Journal*, plus 0.5%, an initial rate of 7.50%. The agreement requires that the Foundation’s liquidity must cover any outstanding borrowings at a 1:1 ratio. The line matures in November 2023. No balance was outstanding at December 31, 2022.

At December 31, 2022, the LLC held a secured line of credit in the amount \$1,000,000 with a financial institution. Interest rate is based on *The Wall Street Journal’s* prime rate, as published daily in *The Wall Street Journal*, plus 0.25%, resulting in an initial rate of 5.0%. The Society and Foundation serve as guarantors on the line of credit. The line matures in November 2023. No balance was outstanding at December 31, 2022.

9. Notes Payable

In December 2022, the Foundation refinanced an existing mortgage payable, with a balance of \$552,636, on property in Portland, Oregon that is being used for the administrative and program offices of the Society.

The refinanced note, secured by the property, is payable in 34 monthly installments of \$4,149 using an interest rate of 5.75%. A balloon payment of all unpaid principal and accrued interest totaling \$501,182 is due on November 9, 2025. As of December 31, 2022, \$552,636 was outstanding. Total interest expense on this loan was \$27,504 for 2022. Future payments of principal for the aforementioned note is summarized as follows:

<i>Years ending December 31,</i>	
2023	\$ 19,076
2024	19,106
2025	514,454
	\$ 552,636

10. Deferred Compensation Liability

In December of 2021, the Society entered into a five-year employment agreement with the executive for 2022 through 2026, whereby the executive is entitled to a \$150,000 signing bonus that is fully repayable if the executive is not employed by the Society on December 31, 2026. The executive may also earn incentive deferred compensation totaling \$400,000 during the contract term if the executive achieves the targets set forth in the agreement. During the year ended December 31, 2022, \$50,000 was paid under this agreement. A liability will be recorded in future periods as the deferred compensation is earned.

11. Net Assets without Donor Restrictions

At December 31, 2022, the Society's Board designated \$339,513 of its net assets without donor restrictions for quasi-endowment.

Also see note 12 for designation of net assets with donor restrictions by the Board.

12. Net Assets with Donor Restrictions

The following summarizes the Society's net assets with donor-imposed restrictions as of December 31, 2022:

<i>Expendable net assets restricted for the following purposes:</i>	
Japan Institute	\$ 2,658,547
Operation and maintenance of facilities and programs ¹	283,688
Garden landscape maintenance ¹	152,406
Capital projects	20,755
Other	16,366
	3,131,762
<i>Expendable net assets unrestricted as to purpose, but restricted as to time:</i>	
Pledges designated by the Board for the Japan Institute ²	1,691,464
Pledges to benefit the Society's general operations in future periods	15,500
Bequest receivables to be added to Society's quasi-endowment ¹	10,000
	1,716,964
<i>Endowment restricted for the following purposes:</i>	
The Arlene Schnitzer Curator of Culture, Art and Education Endowment	1,183,767
Garden Directors Council Fund	29,697
	1,213,464
Endowment unrestricted as to purpose	2,583,600
	3,797,064
Total endowment (note 16)	3,797,064
Total net assets with donor restrictions	\$ 8,645,790

¹ The Board of Trustees has elected to treat these donor-restricted funds as quasi-endowment funds.

² The Board of Trustees has elected to designate certain purpose unrestricted pledges for the Japan Institute.

13. Net Assets Released from Restrictions

During the year ended December 31, 2022, the Society incurred various expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restriction by the occurrence of other events. Accordingly, during the year ended December 31, 2022, a corresponding amount has been reported as a reclassification from net assets with donor restrictions to net assets without donor restrictions in the accompanying consolidated statement of activities.

Total net assets released from restrictions are summarized as follows:

Satisfaction of restrictions:

For operating purposes	\$ 1,848,129
To fund capital acquisitions	2,083,342
	<hr/>
	\$ 3,931,471

14. In-Kind Contributions

The Society received the following in-kind contributions during the year ended December 31, 2022:

Goods and supplies	\$ 131,178
Capital contributions	39,339
Professional services	36,627
Free use of facilities	34,934
	<hr/>
	\$ 242,078

Contributed goods, supplies, and capital contributions are valued at the estimated price that would be received for selling similar products in the United States. Contributed professional services and free use of facilities are valued using current rates for similar services and facilities use, respectively.

The Society's in-kind contributions for the year ended December 31, 2022, including their utilization by program services or other supporting services, are summarized as follows:

Japan Institute campaign	\$ 97,707
Operating purposes	144,371
	<hr/>
	\$ 242,078

15. Expenses

The costs of providing the various programs and activities of the Society have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses by natural classification are presented in the consolidated statement of functional expenses.

Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses that are attributable to one or more program or supporting functions of the organization, and therefore, require allocation on a reasonable basis that is consistently applied. Those expenses include depreciation and amortization, and other facility-related costs, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, travel, interest, insurance, and other expenses, which are allocated on the basis of estimates of time and effort. Interest expense on external debt is also allocated to the activities that have most directly benefited from the debt proceeds.

16. Endowment

The Society's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment, including funds designated by the Board of Trustees to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following summarizes the Society's endowment-related activities for the year ended December 31, 2022:

	Board-designated quasi-endowment		With donor restrictions			Total endowment
	Without donor restrictions	With donor restrictions	Accumulated endowment return	Endowment principal	Total	
Endowment net assets at beginning of year	\$ 319,189	524,654	908,197	3,671,903	4,580,100	5,423,943
Contributions and bequests	26,813	10,000	–	100,000	100,000	136,813
Reclassifications	40,389	(40,389)	–	–	–	–
Net investment return	(37,547)	(24,013)	(736,931)	–	(736,931)	(798,491)
Appropriation of endowment assets for expenditure	(9,331)	(13,837)	(146,105)	–	(146,105)	(169,273)
Other releases	–	(10,321)	–	–	–	(10,321)
Endowment net assets at end of year	\$ 339,513 ^[A]	446,094 ^[A]	25,161	3,771,903	3,797,064	4,582,671

^[A] Quasi-endowment funds are funds designated by the Board of Trustees to be invested for an extended but unspecified period; the Board of Trustees retains the discretion to decide at any time to expend some or all of the funds in accordance with the donor's restrictions.

Interpretation of Relevant Law – The Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) governs Oregon charitable institutions with respect to the management, investment and expenditure of donor-restricted endowment funds.

The Japanese Garden Foundation holds donor-restricted endowment funds. The Board of Trustees has interpreted Oregon's adoption of UPMIFA as requiring the Foundation to adopt investment and spending policies that preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although the Foundation has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment's original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the Foundation classifies as endowment principal (1) the original value of gifts donated to the donor-restricted endowment, (2) subsequent gifts to the endowment, and (3) accumulations to the endowment made pursuant to the direction of the applicable donor gift instrument.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as accumulated endowment return until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. Any investment return classified as endowment principal represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce accumulated endowment return to the extent that donor-imposed restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs.

Endowments with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In addition, the Board of Trustees interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law, and the Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater. At December 31, 2022, funds with original gift values of \$2,746,902, fair values of \$2,583,600, and deficiencies of \$163,302 were reported in net assets with donor restrictions.

Investment and Spending Policies – In accordance with UPMIFA, the Board of Trustees has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board of Trustees considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Foundation and the fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the Foundation.

To meet its objective, the Foundation's policies limit the spending of investment income and appreciation to 4.0% of the average fair value of endowment investments for the prior 36-month trailing average.

Actual endowment return earned in excess of distributions under this policy is reinvested as part of the Foundation's endowment management and is reported as a non-operating item in the accompanying consolidated statement of activities. For years when actual endowment return is less than distributions under the policy, the short-fall is covered by realized and unrealized returns from prior years. If cumulative endowment return is exhausted, any remaining loss or appropriation reduces endowment principal. In years when the overall endowment is underwater, the Board may permit continued spending from principal only in accordance with its policies for spending from underwater endowments. See *Endowments with Deficiencies*.

During the year ended December 31, 2022, the Board appropriation of donor-restricted and Board-designated endowment assets totaled \$169,273.

17. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the consolidated statement of financial position date comprise the following at December 31, 2022:

<i>Total financial assets:</i>	
Cash and cash equivalents	\$ 1,429,543
Accounts receivable	29,073
Contributions receivable	5,349,272
Investments	4,572,671
	<hr/>
	11,380,559
<hr/>	
<i>Less financial assets not available within the year ending December 31, 2023:</i>	
Financial assets restricted by donors for endowment	(3,797,064)
Financial assets designated by the Board for quasi-endowment	(785,607)
Contributions receivable due in more than one year	(978,761)
Financial assets restricted by donors for the Japan Institute capital campaign	(2,658,547)
Financial assets designated by the Board for Japan Institute capital campaign	(1,691,464)
	<hr/>
	(9,911,443)
<hr/>	
<i>Plus other funds subject to appropriation for expenditure:</i>	
Fiscal year 2023 appropriations of donor-restricted and Board-designated endowments for operations	158,738
	<hr/>
	\$ 1,627,854
	<hr/>

As part of its liquidity management, the Society has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Society invests cash in excess of daily requirements in money market funds. To help manage unanticipated liquidity needs, the Society has committed lines of credit upon which it could draw (see note 8).

In addition, the Society holds Board-designated funds without donor restrictions totaling \$339,513 (see note 11) and quasi-endowment funds with donor restrictions totaling \$446,094 (see note 12). Although the Society does not intend to spend from its quasi-endowments other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

18. Retirement Plan

The Society provides substantially all full-time, and certain part-time, employees with a qualified profit-sharing retirement plan, as described under Section 401(k) of the Internal Revenue Code. All employees age 21 or older are eligible to participate in the plan after completion of three months of service, and who are not non-resident aliens. Employees make voluntary contributions to the plan on a pre-tax basis up to the limits allowed by law. The Society may make discretionary safe harbor matching contributions to the plan up to 4% of annual compensation. Employee and employer contributions vest 100% immediately.

The Society's contributions to the plan totaled \$111,849 for the year ended December 31, 2022.

19. Other Commitments

The Society has entered into agreements with a construction company and a consultant for services in connection with construction projects for the Japan Institute. As of December 31, 2022, related commitments totaled \$1,211,845.

20. Fair Value Measurements

Included in the accompanying consolidated financial statements are certain financial instruments carried at fair value. The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. Fair values are based on quoted market prices when available.

When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Level 2 also includes units in funds which only invest in financial assets classified as Level 1, have no redemption gates or lock-up periods, and for which there have been recent transactions at the published monthly net asset value.
- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement.

At December 31, 2022, \$4,440,471 of the Society's investments are measured at fair value on a recurring basis using quoted prices in active markets for identical assets (i.e., Level 1). See note 5.

21. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the increase in net assets (as reported on the consolidated statement of activities) to net cash provided by operating activities (as reported on the consolidated statement of cash flows):

Increase in net assets	\$ 1,506,358
<hr/>	
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Depreciation and amortization	881,656
In-kind contributions of capital assets	(39,339)
Net decrease in the fair value of investments	873,218
Contributions restricted for capital acquisitions	(18,000)
Japan Institute campaign contributions for capital acquisitions	(2,000,000)
Contributions restricted for long-term investment	(100,000)
Provision for bad debt	16,647
<i>Net changes in:</i>	
Accounts receivable	22,654
Contributions receivable	(983,200)
Inventories	(35,469)
Prepaid expenses and other assets	(40,694)
Right-of-use assets – operating leases	(116,030)
Accounts payable and accrued expenses	(135,581)
Accrued payroll	67,543
Deferred revenue	22,509
Lease obligations – operating leases	117,619
<hr/>	
Total adjustments	(1,466,467)
<hr/>	
Net cash provided by operating activities	\$ 39,891
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JAPANESE GARDEN SOCIETY OF OREGON
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2022

	Japanese Garden Society	Japanese Garden Foundation	PJG Holdings, LLC	Consolidating elimination entries	Total
Assets:					
Cash and cash equivalents	\$ 1,401,365	–	28,178	–	1,429,543
Accounts receivable	29,073	–	–	–	29,073
Contributions receivable	5,339,272	10,000	–	–	5,349,272
Inventories	214,972	–	–	–	214,972
Prepaid expenses and other assets	301,172	2,524	–	–	303,696
Other receivable from subsidiaries	32,554	–	–	(32,554)	–
Investments	–	4,572,671	–	–	4,572,671
Investment in subsidiary	2,867,680	–	–	(2,867,680)	–
Beneficial interest in the net assets of the Japanese Garden Foundation	4,889,398	–	–	(4,889,398)	–
Garden, buildings, and equipment	30,199,066	889,393	5,193,336	–	36,281,795
Right-of-use-assets – operating leases	277,979	–	–	–	277,979
Total assets	\$ 45,552,531	5,474,588	5,221,514	(7,789,632)	48,459,001
Liabilities:					
Accounts payable and accrued expenses	208,757	–	–	–	208,757
Accrued payroll	315,257	–	–	–	315,257
Construction payable	–	–	353,834	–	353,834
Other payable to subsidiaries	–	32,554	–	(32,554)	–
Deferred revenue	168,504	–	–	–	168,504
Lines of credit	–	–	2,000,000	–	2,000,000
Notes payable	–	552,636	–	–	552,636
Lease obligations – operating leases	279,568	–	–	–	279,568
Total liabilities	972,086	585,190	2,353,834	(32,554)	3,878,556
Net assets:					
Without donor restrictions:					
Available for programs and general operations	1,865,983	(30,029)	(325,656)	355,685	1,865,983
Designated by the Board	339,513	339,513	–	(339,513)	339,513
Net investment in capital assets	33,729,159	336,757	3,193,336	(3,530,093)	33,729,159
Total without donor restrictions	35,934,655	646,241	2,867,680	(3,513,921)	35,934,655
With donor restrictions	8,645,790	4,243,157	–	(4,243,157)	8,645,790
Total net assets	44,580,445	4,889,398	2,867,680	(7,757,078)	44,580,445
Total liabilities and net assets	\$ 45,552,531	5,474,588	5,221,514	(7,789,632)	48,459,001

JAPANESE GARDEN SOCIETY OF OREGON
CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Japanese Garden Society	Japanese Garden Foundation	PJG Holdings, LLC	Consolidating elimination entries	Total
Operating revenues and gains:					
Gate receipts	\$ 5,868,584	–	–	–	5,868,584
Gift store, merchandise and café sales, net	1,604,835	–	–	–	1,604,835
Rental income	–	46,471	–	(46,471)	–
Culture, arts, and educational workshops, net	84,857	–	–	–	84,857
Operating investment return, net	15,471	(1,532)	112	–	14,051
Other revenues	21,219	–	–	–	21,219
Total operating revenues and gains	7,594,966	44,939	112	(46,471)	7,593,546
Public support:					
Society dues	1,110,361	–	–	–	1,110,361
Contributions and bequests	1,361,820	741	–	–	1,362,561
In-kind contributions	144,371	–	–	–	144,371
Total public support	2,616,552	741	–	–	2,617,293
Other transactions:					
Appropriation of endowment assets for expenditure	–	169,273	–	–	169,273
Grants from Japanese Garden Foundation	141,550	–	–	(141,550)	–
Total other transactions	141,550	169,273	–	(141,550)	169,273
Total operating revenues, gains, and other support	10,353,068	214,953	112	(188,021)	10,380,112
Expenses:					
Program services	9,529,235	141,550	145,067	(188,021)	9,627,831
Management and general	1,590,824	89,538	–	–	1,680,362
Fundraising	970,037	7,939	–	–	977,976
Total expenses	12,090,096	239,027	145,067	(188,021)	12,286,169
Decrease in net assets before non-operating activities	(1,737,028)	(24,074)	(144,955)	–	(1,906,057)
Non-operating activities:					
Endowment and quasi-endowment gifts	–	136,813	–	–	136,813
Total endowment return, net	–	(798,491)	–	–	(798,491)
Appropriation of endowment assets for expenditure	–	(169,273)	–	–	(169,273)
Japan Institute capital campaign contributions:					
Donor-restricted gifts	4,145,659	–	–	–	4,145,659
In-kind capital contributions	97,707	–	–	–	97,707
Change in investment in subsidiary	(144,955)	–	–	144,955	–
Change in beneficial interest in the net assets of the Japanese Garden Foundation	(855,025)	–	–	855,025	–
Contributions of capital to subsidiary	–	–	3,012,635	(3,012,635)	–
Total non-operating activities	3,243,386	(830,951)	3,012,635	(2,012,655)	3,412,415
Increase (decrease) in net assets	1,506,358	(855,025)	2,867,680	(2,012,655)	1,506,358
Net assets at beginning of year	43,074,087	5,744,423	–	(5,744,423)	43,074,087
Net assets at end of year	\$ 44,580,445	4,889,398	2,867,680	(7,757,078)	44,580,445

JAPANESE GARDEN SOCIETY OF OREGON

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AS OF DECEMBER 2022

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JAPANESE GARDEN SOCIETY OF OREGON
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