



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Consolidated Financial Statements and Other Information
as of and for the Year Ended December 31, 2024
and Report of Independent Accountants

JAPANESE GARDEN SOCIETY OF OREGON

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MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Introduction

The purpose of this section, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), is to provide a narrative explanation of our consolidated financial statements that enables individuals to better understand our consolidated financial statements by providing a context by which our financial information may be analyzed.

The MD&A should be read in conjunction with the accompanying consolidated financial statements and includes the results of the Society through the year ended December 31, 2024.

Discussion and Analysis

As we present our 2024 Consolidated Financial Statements, we begin by reflecting on the enduring significance of the Portland Japanese Garden and the journey we've undertaken over the past five years. Since its founding in 1963, the Garden has stood as a symbol of cultural connection, peace, and natural beauty. Widely regarded as one of the most authentic Japanese gardens outside of Japan, it has long served as a bridge between cultures—a sanctuary in the city, and a center for education, reflection, and community engagement. Over the decades, the Garden has become a beloved institution both locally and internationally, with programs—demonstrations, lectures, workshops, and more—often reaching capacity.

In 2019, the Board of Trustees approved a bold new growth initiative: the creation of the Japan Institute. As the programmatic arm of Portland Japanese Garden, Japan Institute aimed to broaden the Garden's reach and deepen its impact through expanded cultural, artistic, and educational programming. To support this vision, in 2022 we acquired the White Shield property in NW Portland—a location whose natural beauty and potential made it an inspiring fit.

However, a series of unforeseen challenges significantly altered our course. Construction costs soared, interest rates rose, and Portland's tourism sector continued to recover slowly from the pandemic. Compounding these external pressures was the unexpected retirement of our long-serving CEO—a key fundraiser and leader.

Moreover, the campus, while beautiful, is representative of the time it was built more than 100 years ago. With each inspection, we learned of the significant environmental and structural improvements that were needed for the safety and habitability of these buildings. Over time, it became clear that the extensive renovations needed to make the site safe and functional would be financially prohibitive.

After considerable analysis and deliberation, Portland Japanese Garden’s Board of Trustees made the difficult decision to sell the White Shield property—a move driven by our commitment to long-term financial sustainability and mission alignment. While the decision was necessary, it naturally created some uncertainty, particularly among donors to the Japan Institute campaign.

Despite these headwinds, our team remained steadfast in delivering meaningful, mission-driven programming while continuing our commitment to maintaining a world-class Japanese garden. In 2024, we maintained a full calendar of cultural and educational offerings. Robust cultural and educational experiences such as the *Kintsugi* exhibition as well as unique, stunning Garden enhancements like *yukizuri*, rarely seen outside Japan, all drew steady attendance and enthusiastic community engagement. Japan Institute programming continued throughout the year, even as its long-term home is reconsidered. We remain deeply committed to fostering cross-cultural dialogue and international exchange.

On the financial front, operating revenue increased by \$647,000 (5%) over the previous year, and we reduced operating expenses by \$453,000 (3%), all while maintaining the same high level and quality of programming our community expects and deserves. While these gains were not sufficient to yield an operating surplus, the reported operating deficit of \$888,000 includes \$901,000 in non-cash depreciation. Additionally, due to the decision to sell the White Shield property, the Garden recorded non-operating transactions including an impairment loss of \$2.5 million of prior investments in the site and the return of \$780,000 in donations related to the Japan Institute campaign—demonstrating our ethical and transparent stewardship of donor support.

As we look ahead to 2025 and beyond, we are filled with optimism. The Garden is embarking on a period of strategic reinvention with renewed focus on core mission delivery, community engagement, and sustainable operations. We have brought back our flagship Garden Training Center seminar *Waza To Kokoro* and are actively developing new programming initiatives. A search for new leadership is underway and we are exploring new avenues for philanthropic and earned revenue. Additionally, steps are being taken to strengthen financial resilience, including operational efficiencies, revised fundraising strategies, and thoughtful investments in infrastructure and staff.

We remain deeply grateful for the support of our members, donors, visitors, volunteers, and staff. Together, we will continue to nurture this extraordinary place—ensuring that the Portland Japanese Garden not only endures but flourishes for generations to come.

Lisa Christy
Executive Director

Aaron Edmark
Chief Financial Officer

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, 2024, 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, 2024, 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 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



April 16, 2025, except for note 5, as to which
the date is September 24, 2025

JAPANESE GARDEN SOCIETY OF OREGON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR 2023)

	2024	2023
Assets:		
Cash and cash equivalents	\$ 401,636	281,120
Accounts receivable	–	13,056
Contributions receivable <i>(note 3)</i>	3,458,491	4,914,609
Inventories	212,046	232,167
Prepaid expenses and other assets	170,050	353,414
Investments <i>(note 4)</i>	6,777,594	5,390,318
Property held for sale <i>(notes 5 and 8)</i>	4,303,780	–
Garden, buildings, and equipment <i>(notes 6 and 9)</i>	29,966,346	36,813,941
Right-of-use assets – operating leases <i>(note 7)</i>	90,428	194,222
Total assets	\$ 45,380,371	48,192,847
Liabilities:		
Accounts payable and accrued expenses	205,255	359,373
Accrued payroll	414,695	355,956
Contribution refunds payable <i>(note 5)</i>	1,052,250	–
Construction payable	–	278,723
Deferred revenue	132,701	194,121
Lines of credit <i>(note 8)</i>	2,872,500	2,735,000
Notes payable <i>(note 9)</i>	684,075	534,584
Lease obligations – operating leases <i>(note 7)</i>	92,249	196,697
Total liabilities	5,453,725	4,654,454
Net assets:		
Without donor restrictions:		
Available for programs and general operations	(567,047)	(335,058)
Designated by the Board <i>(note 10)</i>	604,017	471,422
Net investment in capital assets	29,282,271	34,044,357
Total without donor restrictions	29,319,241	34,180,721
With donor restrictions <i>(note 11)</i>	10,607,405	9,357,672
Total net assets	39,926,646	43,538,393
Commitments and contingencies <i>(notes 3, 5, 6, 8, and 16)</i>		
Total liabilities and net assets	\$ 45,380,371	48,192,847

See accompanying notes to consolidated financial statements.

JAPANESE GARDEN SOCIETY OF OREGON
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024			2023
	Without donor restrictions	With donor restrictions	Total	
Operating revenues and gains:				
Gate receipts	\$ 6,579,627	–	6,579,627	6,436,429
Gift store, merchandise, and café sales net of costs of sales of \$1,592,233 in 2024 and \$1,562,815 in 2023	1,979,132	–	1,979,132	1,999,673
International tours	84,820	–	84,820	–
Culture, arts, and educational workshops, net of costs of sales of \$36,006 in 2024 and \$29,846 in 2023	63,239	–	63,239	107,881
Operating investment return, net (<i>note 4</i>)	6,654	87,823	94,477	1,676
Other revenues	57,348	–	57,348	59,697
Total operating revenues and gains	8,770,820	87,823	8,858,643	8,605,356
Public support:				
Society dues	1,234,920	–	1,234,920	1,225,157
Contributions and bequests	1,040,650	1,755,566	2,796,216	2,061,729
Special events, net of direct costs of \$218,906 in 2023	–	–	–	500,033
In-kind contributions (<i>note 13</i>)	348,095	–	348,095	226,346
Total public support	2,623,665	1,755,566	4,379,231	4,013,265
Other transactions:				
Appropriation of endowment assets for expenditure (<i>note 15</i>)	35,734	182,870	218,604	191,292
Net assets released from restrictions for operating purposes (<i>note 12</i>)	2,261,230	(2,261,230)	–	–
Total other transactions	2,296,964	(2,078,360)	218,604	191,292
Total operating revenues, gains, and other support	\$ 13,691,449	(234,971)	13,456,478	12,809,913

Continued

JAPANESE GARDEN SOCIETY OF OREGON

CONSOLIDATED STATEMENT OF ACTIVITIES, CONTINUED

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024		Total	2023
	Without donor restrictions	With donor restrictions		
Expenses (<i>note 14</i>):				
Program services	\$ 11,022,206	–	11,022,206	11,399,394
Management and general	2,287,121	–	2,287,121	2,257,268
Fundraising	1,035,316	–	1,035,316	1,141,096
Total expenses	14,344,643	–	14,344,643	14,797,758
Decrease in net assets before non-operating activities	(653,194)	(234,971)	(888,165)	(1,987,845)
Non-operating activities:				
Endowment and quasi-endowment gifts	102,143	50,000	152,143	387,563
Total endowment return, net (<i>note 4</i>)	61,186	384,068	445,254	616,376
Appropriation of endowment assets for expenditure (<i>note 15</i>)	(35,734)	(182,870)	(218,604)	(191,292)
Japan Institute capital campaign contributions:				
Donor-restricted gifts for capital purposes	–	13,506	13,506	25,000
In-kind campaign contributions (<i>note 13</i>)	8,541	–	8,541	237,165
Other in-kind capital contributions (<i>note 13</i>)	145,992	–	145,992	25,838
Loss on refunds and write-offs of Japan Institute contributions (<i>note 5</i>)	–	(780,000)	(780,000)	–
Impairment loss on Japan Institute property (<i>note 5</i>)	(2,492,978)	–	(2,492,978)	–
Grantor redesignation of funds previously released from restriction (<i>note 5</i>)	(2,000,000)	2,000,000	–	–
Loss on abandoned project	–	–	–	(153,111)
Gain (loss) on other disposals	2,564	–	2,564	(1,746)
Total non-operating activities	(4,208,286)	1,484,704	(2,723,582)	945,793
Increase (decrease) in net assets	(4,861,480)	1,249,733	(3,611,747)	(1,042,052)
Net assets at beginning of year	34,180,721	9,357,672	43,538,393	44,580,445
Net assets at end of year	\$ 29,319,241	10,607,405	39,926,646	43,538,393

See accompanying notes to consolidated financial statements.

JAPANESE GARDEN SOCIETY OF OREGON

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024				2023
	Program services	Management and general	Fundraising	Total	
Salaries and related costs	\$ 6,569,701	1,631,175	684,065	8,884,941	8,794,648
Professional services	555,668	248,948	21,290	825,906	939,804
Culture and Arts programming	255,431	–	–	255,431	352,782
Interest	205,260	30,747	–	236,007	50,270
Fees and licenses	370,185	20,327	35,624	426,136	406,401
Public relations and advertising	248,275	28,969	2,793	280,037	322,916
Travel and transportation	276,737	14,855	10,842	302,434	505,760
International programs	81,822	–	–	81,822	286,426
Other programming costs	152,530	–	–	152,530	160,112
Repair and maintenance	252,108	8,788	1,569	262,465	289,431
Office expense	222,418	24,320	39,785	286,523	359,083
Utilities	162,999	83,029	16,732	262,760	281,010
Donor cultivation	–	–	186,497	186,497	225,363
Membership fulfillment and events	153,427	–	–	153,427	139,612
Insurance	343,476	54,863	18,992	417,331	344,254
Occupancy	115,131	29,103	8,990	153,224	119,523
Other	201,254	68,184	7,069	276,507	345,604
Total expenses before depreciation and amortization	10,166,422	2,243,308	1,034,248	13,443,978	13,922,999
Depreciation and amortization	855,784	43,813	1,068	900,665	874,759
Total expenses	\$ 11,022,206	2,287,121	1,035,316	14,344,643	14,797,758

See accompanying notes to consolidated financial statements.

JAPANESE GARDEN SOCIETY OF OREGON
CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
<hr/>		
Cash flows from operating activities:		
Cash received from contributors and grantors	\$ 4,958,090	4,361,280
Cash received from admissions, gift sales, and other	10,344,041	10,237,975
Cash received for interest	164,363	99,683
Cash paid for interest	(256,450)	(50,270)
Cash paid to employees and suppliers	(14,251,334)	(15,111,708)
Cash paid for amounts included in the measurement of operating lease obligations	(107,483)	(104,857)
<hr/>		
Net cash provided by (used in) operating activities	851,227	(567,897)
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Cash flows from investing activities:		
Capital expenditures (including capitalized interest of \$148,295 in 2024 and \$200,741 in 2023)	(755,687)	(1,460,035)
Reinvestment of investment income	(157,709)	(98,007)
Proceeds from the sale of investments	218,604	191,292
Purchases of investments	(1,072,803)	(392,563)
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Net cash used in investing activities	(1,767,595)	(1,759,313)
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Cash flows from financing activities:		
Proceeds from issuance of debt	137,500	735,000
Contributions restricted for long-term investment	965,660	300,250
Japan Institute capital campaign contributions for capital acquisitions	-	161,589
Principal payments on debt	(66,276)	(18,052)
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Net cash provided by financing activities	1,036,884	1,178,787
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Net increase (decrease) in cash and cash equivalents	120,516	(1,148,423)
Cash and cash equivalents at beginning of year	281,120	1,429,543
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Cash and cash equivalents at end of year	\$ 401,636	281,120
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Supplemental schedule of cash flow information:

Debt financing of shuttle acquisitions	\$ 215,767	-
Right-of-use assets obtained in exchange for new operating lease obligations	-	16,983

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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 Harmony & Peace*.

2. 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; PJG Holdings, LLC (the “LLC”), a single member limited liability company formed in February of 2022 to hold certain real property; and the Portland Japanese Garden and Japan Institute, Incorporated Association (the “Japan Association”), incorporated in Japan in September of 2023 to promote harmony and peace in Japan and abroad. The Society and its controlled affiliates are collectively referred to herein as the “Society.”

All significant intercompany balances 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. Cash and cash equivalents held as part of the Society’s investment portfolio, and where management’s intention is to use the cash to acquire investments to be held long-term, are classified as investments.

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.

Property Held for Sale – Property held for sale is reported at the lower of cost or fair value.

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. During the year ended December 31, 2024, the Society recorded an impairment loss of \$2,492,978 on the Japan Institute property held for sale. See note 5.

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.

Leases –The Society has a limited number of leases for office space, parking lot and equipment rentals, which are all classified as operating leases. The Society has elected the practical expedient under to allow the lease and nonlease components not to be separated. Management considers various factors such as market conditions and the terms of any renewal options that may exist to determine whether to renew or replace a lease. For leases in place as of December 31, 2024, renewals are not considered within the lease term and minimum lease payments as they are not reasonably certain to be exercised.

The Society includes fixed rent, predetermined rent escalations, rent-free periods, and deferred rent as lease components. Lease expense is recognized on a straight-line basis over the term of the lease. Some of these leases require variable pay-

ments for operating expenses and are expensed as incurred. The Society's lease liabilities are initially and subsequently measured at the present value of the remaining lease payments. The right-of-use (ROU) assets are initially recognized at the amount of the lease liabilities less lease incentives received, plus initial direct costs and prepaid lease payments, if any. When the implicit rate is not readily determinable, the Society uses a risk-free rate to determine the present value of the lease payments. The Society does not report ROU assets and lease liabilities for short-term leases (leases with a term of 12 months or less).

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).

Benefits Provided to Donors at Special Events – The Society conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals, entertainment and other benefits provided at special events is measured at the actual cost to the organization.

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.

Certain receivables may also, from time to time, subject the Society 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, 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, impairment of assets, 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.

Foreign Currency Translation – Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect at the end of the reporting period, and revenue and expenses are translated at rates that approximate the rate on the date in which the transactions occurred. Net transaction and translation gains and losses are included in the accompanying consolidated statement of activities as foreign currency exchange gains or losses.

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. The PJG Holdings, LLC (“the LLC”) is a single-member limited liability company controlled by the Society, and is disregarded for tax purposes. The Portland Japanese Garden and Japan Institute, Incorporated Association (the “Japan Association”) is a taxable entity incorporated in Japan.

The Society and the Japan Association have entered into a transfer pricing agreement. Management has determined the transfer price for services transacted between the two related organizations are considered to be at arm’s length. Management has analyzed tax positions taken by the Society and has concluded that as of December 31, 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

The Japan Association accrued \$43,764 of income taxes payable to Japan’s taxing authorities for the year ended December 31, 2024.

Subsequent Events – Subsequent events have been evaluated by management through September 24, 2025, which is the date the consolidated financial statements were available to be issued.

Summarized Financial Information for 2023 – The accompanying financial information as of and for the year ended December 31, 2023 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.

3. Contributions Receivable

Contributions receivable are summarized as follows at December 31, 2024:

<i>Unconditional promises expected to be collected within:</i>	
Less than one year	\$ 725,590
One year to five years	2,524,592
Greater than five years	313,500
	<hr/> 3,563,682
Less unamortized discount ¹	(105,191)
	<hr/> \$ 3,458,491

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 4.27%.

Conditional Grants

As of December 31, 2024, the Society had access to an additional \$62,526, the receipt of which is conditioned upon raising additional matching funds.

In addition, in February of 2024, the Society executed a grant agreement with the U.S. Department of Housing and Urban Development for \$1,750,000 to be used for the Japan Institute Building Renovation Project, the receipt of which is conditioned on completion of an environmental review and incurring allowable costs.

The revenues associated with these grants have not been included in the accompanying consolidated financial statements because the associated conditions had not yet been satisfied as of December 31, 2024.

4. Investments and Investment Return

Investments held by the Society at December 31, 2024 consisted of the following:

Mutual funds and ETFs	\$ 4,038,813
Corporate bonds	947,296
Corporate stocks	777,361
U.S. Treasuries	849,126
Cash and money market funds	164,998
	<hr/> \$ 6,777,594

Of the total investments at December 31, 2024, \$4,122,153 carries permanent restrictions for endowment.

Total return on the above investments and cash and cash equivalents for the year ended December 31, 2024 is as follows:

Interest and dividend income ¹	\$ 164,363
Net increase in the fair value of investments	375,368
	<hr/> Total net investment return
	\$ 539,731

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

Total return is derived from the following investments:

Operating investments	\$ 94,477
Endowment investments	445,254
	<hr/> Total net investment return
	\$ 539,731

5. Property Held for Sale

Due to increasing rehabilitation costs, necessary seismic upgrades, and insufficient fundraising, the Society decided to sell a property that was originally intended to house the Japan Institute. The property was put on the market in November of 2024, and at that time, the Society recognized an impairment loss of \$2,492,978, adjusting the carrying value of the property to \$4,303,780 at December 31, 2024. Additionally, the Society refunded certain donors who had contributed to the capital campaign for purchasing and rehabilitating the property, as well as donations for programs that were originally planned to take place at the property.

The property acquired in 2022 was initially financed through a \$2 million line of credit (see note 8) and a \$2 million grant from the State of Oregon. In September of 2025, the State approved the sale of the property, and requested that \$2 million of the sales proceeds be used to support programming for the Japan Institute, which was originally restricted for capital acquisition. As a result, a reclassification from net assets without donor restrictions to net assets with donor restrictions is reflected in the accompanying consolidated statement of activities.

6. Garden, Buildings, and Equipment

A summary of garden, buildings, and equipment at December 31, 2024 is as follows:

Buildings and improvements	\$ 33,274,836
Garden and artifacts	2,690,468
Land	380,000
Equipment and furniture	1,218,097
Vehicles	350,253
Software	174,947
Work-in-progress	3,850
	38,092,451
Less accumulated depreciation	(8,126,105)
	\$ 29,966,346

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 renewa-

ble 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 (“ROU”) assets and the associated lease obligations have been recorded for these leases.

At December 31, 2024, the Society’s ROU assets and corresponding lease obligations totaled \$90,428 and \$92,249, respectively.

Lease expense related to these leases totaled \$106,829 for the year ended December 31, 2024.

As of December 31, 2024, the weighted-average discount rate and remaining lease term for operating leases are as follows:

Weighted-average discount rate	2.10%
Weighted-average remaining lease term (years)	1.5

Future Lease Payments

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

<i>Years ending December 31,</i>	
2025	\$ 62,209
2026	27,120
2027	4,588
	93,917
Less present value discount	(1,668)
Total lease obligations	\$ 92,249

8. Lines of Credit

The LLC held a line of credit in the amount of \$2 million with a commercial bank for funding the acquisition of real property for the Japan Institute. The interest rate is based on *The Wall Street Journal's* prime rate, plus 0.50%, resulting in a rate of 8.0% at December 31, 2024. The line is secured by the assets of the LLC and the Society, with maturity on February 28, 2026. At December 31, 2024, \$2,000,000 was outstanding. Also see note 5.

The LLC held another secured line of credit in the amount \$1 million 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 a rate of 7.75% at December 31, 2024. The loan is secured by assets of the LLC and the Society. At December 31, 2024, \$537,500 was outstanding. The line was amended March of 2025 decreasing the line of credit to \$650,000 and extending the maturity date to February 28, 2026.

Interest on the above LLC lines of credit totaled \$220,401 for the year ended December 31, 2024, of which \$72,106 was recorded as interest expense and \$148,295 was capitalized. The capitalized interest was written off when the Japan Institute property was listed for sale and is included in the loss on impairment of the Japan Institute property in the statement of activities. See note 5.

The Society held a \$2 million line of credit repayable with interest based on *The Wall Street Journal's* prime rate, as published daily in *The Wall Street Journal*, plus 0.50%, resulting in a rate of 8.0% at December 31, 2024. In March of 2025, the line was amended to increase the credit line to \$2,500,000 and extend the maturity date to February 28, 2026. The agreement requires the Society to maintain liquid assets (cash and marketable securities) totaling \$2,000,000. At December 31, 2024, \$335,000 was outstanding. Interest expense for the line totaled \$116,470 for the year ended December 31, 2024.

In total, the outstanding lines of credit as of December 31, 2024, amounted to \$2,872,500.

9. Notes Payable

At December 31, 2024, the Foundation held a note payable, secured by property in Portland, Oregon that is being used for the administrative and program offices of the Society. The note is payable in monthly installments of \$4,149 at a fixed 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, 2024, \$515,539 was outstanding. Total interest expense on this loan was \$30,347 for 2024.

In 2024, the Society secured a note payable to finance the purchase of two shuttles. The note is payable in monthly installments of \$5,326 at a fixed interest rate of 8.58%. The note matures in December of 2027, and is secured by the shuttles. As of December 31, 2024, \$168,536 was outstanding. Total interest expense on this loan was \$16,684 for 2024.

Future payments of principal for the aforementioned notes is summarized as follows:

<i>Years ending December 31,</i>	
2025	\$ 566,986
2026	56,038
2027	61,051
	\$ 684,075

10. Net Assets without Donor Restrictions

At December 31, 2024, the Society's Board designated \$604,017 of its net assets without donor restrictions for quasi-endowment. Also see note 11 for designation of net assets with donor restrictions by the Board.

11. Net Assets with Donor Restrictions

The following summarizes the Society's net assets with donor-imposed restrictions as of December 31, 2024:

Expendable net assets restricted for the following purposes:

Japan Institute:	
Program purposes	\$ 3,866,053
Capital purposes	19,190
Operation and maintenance of facilities and programs ¹	336,590
Garden landscape maintenance ¹	180,825
Other	20,104

4,422,762

Expendable net assets unrestricted as to purpose, but restricted as to time:

Pledges designated by the Board for the Japan Institute	1,484,615
Pledges to benefit future periods	47,348

1,531,963

Endowment restricted for the following purposes:

The Arlene Schnitzer Curator of Culture, Art and Education Endowment	1,351,921
Garden Directors Council Fund	33,917

1,385,838

Endowment purpose unrestricted 3,266,842

Total endowment (note 15) 4,652,680

Total net assets with donor restrictions \$ 10,607,405

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

12. Net Assets Released from Restrictions

During the year ended December 31, 2024, the Society incurred \$2,261,230 in costs in satisfaction of the restricted purposes specified by donors, or by the occurrence of other events specified by donors. Accordingly, corresponding amounts have been reported as a reclassification from net assets with donor restrictions to those without donor restrictions in the accompanying consolidated statement of activities.

13. In-Kind Contributions

The Society received the following in-kind contributions during the year ended December 31, 2024:

Goods and supplies	\$ 186,573
Capital contributions	154,533
Professional services	110,523
Free use of facilities	50,999
	<hr/>
	\$ 502,628

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, 2024, including their utilization by program services or other supporting services, are summarized as follows:

Program services	\$ 309,244
Management and general	7,570
Fundraising	31,281
Capital assets	154,533
	<hr/>
	\$ 502,628

14. 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.

15. 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, 2024:

	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	\$ 471,422	483,144	368,600	4,072,153	4,440,753	5,395,319
Contributions and bequests	102,143	—	—	50,000	50,000	152,143
Reclassifications	5,000	(5,000)	—	—	—	—
Net investment return	61,186	55,107	328,961	—	328,961	445,254
Appropriation of endowment assets for expenditure	(35,734)	(15,836)	(167,034)	—	(167,034)	(218,604)
Endowment net assets at end of year	\$ 604,017 ^[A]	517,415 ^[A]	530,527	4,122,153	4,652,680	5,774,112

^[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.

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, 2024, the Board appropriation of donor-restricted and Board-designated endowment assets totaled \$218,604.

16. 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 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 \$171,553 for the year ended December 31, 2024.

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, 2024:

<i>Total financial assets:</i>	
Cash and cash equivalents	\$ 401,636
Contributions receivable	3,458,491
Investments	6,777,594
	10,637,721
<i>Less financial assets not available within the year ending December 31, 2025:</i>	
Financial assets restricted by donors for endowment	(4,652,680)
Financial assets designated by the Board for quasi-endowment	(1,121,432)
Contributions receivable due in more than one year	(2,713,711)
Financial assets restricted by donors for the Japan Institute capital purposes	(19,190)
	(8,507,013)
<i>Plus other funds subject to appropriation for expenditure:</i>	
Fiscal year 2025 appropriations of donor-restricted and Board-designated endowments for operations	200,687
	\$ 2,331,395

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 \$604,017 (see note 10) and quasi-endowment funds with donor restrictions totaling \$517,415 (see note 15). 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. Fair Value Measurements

The Society's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

At December 31, 2024, the Society's investments are reported at fair value and measured on a recurring basis using quoted prices in active markets for identical assets (i.e., Level 1). See note 4.

19. Reclassification of 2023 Comparative totals

Certain 2023 amounts presented herein have been reclassified to conform to the 2024 presentation.

20. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the decrease 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):

Decrease in net assets	\$ (3,611,747)
<hr/>	
<i>Adjustments to reconcile decrease in net assets to net provided by operating activities:</i>	
Depreciation and amortization	900,665
In-kind contributions of capital assets	(154,533)
Net increase in the fair value of investments	(375,368)
Contributions restricted for long-term investment	(965,660)
Loss on refunds and write-offs of Japan Institute contributions	780,000
Provision for bad debt	1,403
Impairment loss on Japan Institute property	2,492,978
Gain on other disposals	(2,564)
Amortization of ROU assets – operating leases	103,794
<i>Net changes in:</i>	
Accounts receivable	13,056
Contributions receivable	674,715
Inventories	20,121
Prepaid expenses and other assets	183,364
Accounts payable and accrued expenses	(133,675)
Accrued interest	(20,443)
Accrued payroll	58,739
Contribution refunds payable	1,052,250
Deferred revenue	(61,420)
Lease obligations – operating leases	(104,448)
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Total adjustments	4,462,974
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Net cash provided by operating activities	\$ 851,227
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JAPANESE GARDEN SOCIETY OF OREGON
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2024

	Japanese Garden Society	Japanese Garden Foundation	PJG Holdings, LLC	Japan Association	Consolidating elimination entries	Total
Assets:						
Cash and cash equivalents	\$ 276,451	–	1,841	123,344	–	401,636
Contributions receivable	3,458,491	–	–	–	–	3,458,491
Inventories	212,046	–	–	–	–	212,046
Prepaid expenses and other assets	158,883	2,703	–	8,464	–	170,050
Receivable from subsidiaries	134,495	–	–	–	(134,495)	–
Investments	–	6,777,594	–	–	–	6,777,594
Property held for sale	–	–	4,303,780	–	–	4,303,780
Investment in subsidiaries	1,756,960	–	–	–	(1,756,960)	–
Beneficial interest in the net assets of the Japanese Garden Foundation	6,143,866	–	–	–	(6,143,866)	–
Garden, buildings, and equipment	29,131,510	834,836	–	–	–	29,966,346
Right-of-use assets – operating leases	90,428	–	–	–	–	90,428
Total assets	\$ 41,363,130	7,615,133	4,305,621	131,808	(8,035,321)	45,380,371
Liabilities:						
Accounts payable and accrued expenses	156,714	–	4,358	44,183	–	205,255
Accrued payroll	414,695	–	–	–	–	414,695
Contribution refunds payable	136,589	915,661	–	–	–	1,052,250
Payable to subsidiaries	–	40,067	–	94,428	(134,495)	–
Deferred revenue	132,701	–	–	–	–	132,701
Lines of credit	335,000	–	2,537,500	–	–	2,872,500
Notes payable	168,536	515,539	–	–	–	684,075
Lease obligations – operating leases	92,249	–	–	–	–	92,249
Total liabilities	1,436,484	1,471,267	2,541,858	138,611	(134,495)	5,453,725
Net assets:						
Without donor restrictions:						
Available for programs and general operations	(567,047)	(37,365)	(236,237)	(6,803)	280,405	(567,047)
Designated by the Board	604,017	604,017	–	–	(604,017)	604,017
Net investment in capital assets	29,282,271	319,297	–	–	(319,297)	29,282,271
Total without donor restrictions	29,319,241	885,949	(236,237)	(6,803)	(642,909)	29,319,241
With donor restrictions	10,607,405	5,257,917	2,000,000	–	(7,257,917)	10,607,405
Total net assets	39,926,646	6,143,866	1,763,763	(6,803)	(7,900,826)	39,926,646
Total liabilities and net assets	\$ 41,363,130	7,615,133	4,305,621	131,808	(8,035,321)	45,380,371

JAPANESE GARDEN SOCIETY OF OREGON
CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	Japanese Garden Society	Japanese Garden Foundation	PJG Holdings, LLC	Japan Association	Consolidating elimination entries	Total
Operating revenues and gains:						
Gate receipts	\$ 6,579,627	–	–	–	–	6,579,627
Gift store, merchandise and café sales, net	1,979,132	–	–	–	–	1,979,132
Rental income	–	49,790	–	–	(49,790)	–
International tours	84,820	–	–	–	–	84,820
Culture, arts, and educational workshops, net	63,239	–	–	–	–	63,239
Operating investment return, net	6,559	87,823	25	70	–	94,477
Other revenues	57,348	–	–	–	–	57,348
Total operating revenues and gains	8,770,725	137,613	25	70	(49,790)	8,858,643
Public support:						
Society dues	1,234,920	–	–	–	–	1,234,920
Contributions and bequests	1,834,571	742	–	960,903	–	2,796,216
In-kind contributions	348,081	14	–	–	–	348,095
Total public support	3,417,572	756	–	960,903	–	4,379,231
Other transactions:						
Appropriation of endowment assets for expenditure	–	218,604	–	–	–	218,604
Grants from Japanese Garden Foundation	178,696	–	–	–	(178,696)	–
Transfers of services to/from subsidiary	744,985	–	–	(744,985)	–	–
Total other transactions	923,681	218,604	–	(744,985)	(178,696)	218,604
Total operating revenues, gains, and other support	13,111,978	356,973	25	215,988	(228,486)	13,456,478
Expenses:						
Program services	10,635,752	178,696	226,855	209,389	(228,486)	11,022,206
Management and general	2,186,214	87,505	–	13,402	–	2,287,121
Fundraising	1,024,025	11,291	–	–	–	1,035,316
Total expenses	13,845,991	277,492	226,855	222,791	(228,486)	14,344,643
Increase (decrease) in net assets before non-operating activities	(734,013)	79,481	(226,830)	(6,803)	–	(888,165)
Non-operating activities:						
Endowment and quasi-endowment gifts	–	152,143	–	–	–	152,143
Total endowment return, net	–	445,254	–	–	–	445,254
Appropriation of endowment assets for expenditure	–	(218,604)	–	–	–	(218,604)
Japan Institute capital campaign contributions:						
Donor-restricted gifts for capital purposes	13,506	–	–	–	–	13,506
In-kind capital contributions	8,541	–	–	–	–	8,541
Other in-kind capital contributions	145,992	–	–	–	–	145,992
Loss on refunds and write-offs of Japan Institute contributions	(780,000)	–	–	–	–	(780,000)
Change in investment in PJG Holding, LLC	(2,719,808)	–	–	–	2,719,808	–
Change in investment in the Association	(6,803)	–	–	–	6,803	–
Change in beneficial interest in the net assets of the Japanese Garden Foundation	458,274	–	–	–	(458,274)	–
Contributions of capital to subsidiary	–	–	747,480	–	(747,480)	–
Impairment loss on Japan Institute property	–	–	(2,492,978)	–	–	(2,492,978)
Gain on other disposals	2,564	–	–	–	–	2,564
Total non-operating activities	(2,877,734)	378,793	(1,745,498)	–	1,520,857	(2,723,582)
Increase (decrease) in net assets	(3,611,747)	458,274	(1,972,328)	(6,803)	1,520,857	(3,611,747)
Net assets at beginning of year	43,538,393	5,685,592	3,736,091	–	(9,421,683)	43,538,393
Net assets at end of year	\$ 39,926,646	6,143,866	1,763,763	(6,803)	(7,900,826)	39,926,646

JAPANESE GARDEN SOCIETY OF OREGON

GOVERNING BOARD AND MANAGEMENT

AS OF DECEMBER 2024

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JAPANESE GARDEN SOCIETY OF OREGON
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