

ARTIST TRUST

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2025 AND 2024



ARTIST TRUST
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Artist Trust
Seattle, Washington

Opinion

We have audited the accompanying financial statements of Artist Trust (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Artist Trust as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Artist Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Artist Trust'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.



Jacobson Jarvis & Co, PLLC
Seattle, Washington
May 16, 2026

ARTIST TRUST

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

<u>ASSETS</u>		<u>2025</u>	<u>2024</u>
Current Assets			
Cash and cash equivalents		\$ 1,588,236	\$ 802,022
Pledges and grants receivable		273,067	169,744
Prepaid expenses		19,971	14,365
Inventory		<u>6,650</u>	<u>11,650</u>
Total Current Assets		1,887,924	997,781
Cash and Cash Equivalents Held for Long-term Purposes		373,342	341,000
Pledges and Grants Receivable, net of current portion		394,729	399,091
Investments Held by Vanguard		3,399,104	3,062,854
Assets Held in Trust		221,527	204,360
Property and Equipment, net		<u>186,800</u>	<u>221,865</u>
		<u>\$ 6,463,426</u>	<u>\$ 5,226,951</u>
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 39,472	\$ 22,742
Mortgage note payable		<u>14,799</u>	<u>14,202</u>
Total Current Liabilities		54,271	36,944
Mortgage Note Payable, net of current portion		<u>83,094</u>	<u>97,893</u>
Total Liabilities		<u>137,365</u>	<u>134,837</u>
Net Assets			
Without donor restrictions		2,145,806	1,314,512
With donor restrictions		<u>4,180,255</u>	<u>3,777,602</u>
Total Net Assets		<u>6,326,061</u>	<u>5,092,114</u>
		<u>\$ 6,463,426</u>	<u>\$ 5,226,951</u>

See notes to financial statements.

ARTIST TRUST

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions			With Donor Restrictions			Total
	Undesignated	Board Designated	Total	Purpose and Time	Perpetual in Nature	Total	
Support							
Contributions	\$ 1,150,832	\$ -	\$ 1,150,832	\$ 309,300	\$ -	\$ 309,300	\$ 1,460,132
Benefit events, net of \$145,032 direct donor benefit	331,226	-	331,226	-	-	-	331,226
Grants from government agencies	293,134	-	293,134	-	-	-	293,134
In-kind contribution	11,223	-	11,223	-	-	-	11,223
Program income	7,791	-	7,791	-	-	-	7,791
	1,794,206	-	1,794,206	309,300	-	309,300	2,103,506
Net assets released from donor restrictions	398,782	-	398,782	(398,782)	-	(398,782)	-
Transfers of board designated funds	3,657	(3,657)	-	-	-	-	-
Total Support and Revenue	2,196,645	(3,657)	2,192,988	(89,482)	-	(89,482)	2,103,506
Expenses							
Program services							
Artist grants	512,461	-	512,461	-	-	-	512,461
Creative career center	248,991	-	248,991	-	-	-	248,991
	761,452	-	761,452	-	-	-	761,452
Supporting Services							
Management and general	211,583	-	211,583	-	-	-	211,583
Fundraising	207,661	-	207,661	-	-	-	207,661
Auction	225,206	-	225,206	-	-	-	225,206
Total Expenses	1,405,902	-	1,405,902	-	-	-	1,405,902
Change in Net Assets Before Other Gains	790,743	(3,657)	787,086	(89,482)	-	(89,482)	697,604
Other Gains							
Investment gains	-	10,001	10,001	400,951	-	400,951	410,952
Investment income, net of fees	31,931	2,276	34,207	91,184	-	91,184	125,391
Total Other Gains	31,931	12,277	44,208	492,135	-	492,135	536,343
Total Change in Net Assets	822,674	8,620	831,294	402,653	-	402,653	1,233,947
Net Assets - Beginning of Year	790,835	523,677	1,314,512	1,655,882	2,121,720	3,777,602	5,092,114
Net Assets - End of Year	\$ 1,613,509	\$ 532,297	\$ 2,145,806	\$ 2,058,535	\$ 2,121,720	\$ 4,180,255	\$ 6,326,061

ARTIST TRUST

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions			With Donor Restrictions			Total
	Undesignated	Board Designated	Total	Purpose and Time	Perpetual in Nature	Total	
Support							
Contributions	\$ 643,744	\$ -	\$ 643,744	\$ 216,329	\$ -	\$ 216,329	\$ 860,073
Benefit events, net of \$92,460 direct donor benefit	190,190	-	190,190	-	-	-	190,190
Grants from government agencies	100,175	-	100,175	-	-	-	100,175
In-kind contribution	5,043	-	5,043	-	-	-	5,043
Program income	5,015	-	5,015	-	-	-	5,015
	944,167	-	944,167	216,329	-	216,329	1,160,496
Net assets released from donor restrictions	333,716	-	333,716	(333,716)	-	(333,716)	-
Transfers of board designated funds	67,114	(67,114)	-	-	-	-	-
Total Support and Revenue	1,344,997	(67,114)	1,277,883	(117,387)	-	(117,387)	1,160,496
Expenses							
Program services							
Artist grants	629,968	-	629,968	-	-	-	629,968
Creative career center	206,825	-	206,825	-	-	-	206,825
	836,793	-	836,793	-	-	-	836,793
Supporting Services							
Management and general	242,849	-	242,849	-	-	-	242,849
Fundraising	183,876	-	183,876	-	-	-	183,876
Auction	116,829	-	116,829	-	-	-	116,829
Total Expenses	1,380,347	-	1,380,347	-	-	-	1,380,347
Change in Net Assets Before Other Gains	(35,350)	(67,114)	(102,464)	(117,387)	-	(117,387)	(219,851)
Other Gains							
Investment gains	-	5,262	5,262	215,009	-	215,009	220,271
Investment income, net of fees	8,204	2,118	10,322	84,022	-	84,022	94,344
Total Other Gains	8,204	7,380	15,584	299,031	-	299,031	314,615
Total Change in Net Assets	(27,146)	(59,734)	(86,880)	181,644	-	181,644	94,764
Net Assets - Beginning of Year	817,981	583,411	1,401,392	1,474,238	2,121,720	3,595,958	4,997,350
Net Assets - End of Year	\$ 790,835	\$ 523,677	\$ 1,314,512	\$ 1,655,882	\$ 2,121,720	\$ 3,777,602	\$ 5,092,114

ARTIST TRUST

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025

	Program Services			Support Services			
	Artist	Professional	Total	Management			
	<u>Grants</u>	<u>Development</u>	<u>Program</u>	<u>and</u>	<u>Fundraising</u>	<u>Auction</u>	<u>Total</u>
				<u>General</u>			
Salaries and wages	\$ 98,061	\$ 129,396	\$ 227,457	\$ 92,379	\$ 90,002	\$ 68,407	\$ 478,245
Employee benefits	15,265	18,401	33,666	9,591	27,616	-	70,873
Payroll taxes	11,052	13,798	24,850	9,999	18,462	-	53,311
Total Payroll and Related	124,378	161,595	285,973	111,969	136,080	68,407	602,429
Professional fees	26,813	23,561	50,374	64,963	41,854	51,468	208,659
Fellowship awards	150,000	-	150,000	-	-	-	150,000
GAP Awards	97,500	-	97,500	-	-	-	97,500
Arts Innovator Award	53,000	-	53,000	-	-	-	53,000
Occupancy	4,006	13,799	17,805	2,495	2,644	19,438	42,382
Depreciation	6,814	21,029	27,843	2,889	4,333	-	35,065
Marketing and public relations	1,584	3,126	4,710	1,073	1,959	23,096	30,838
Supplies and materials	1,078	3,732	4,810	9,654	2,170	13,781	30,415
Miscellaneous	2,113	897	3,010	3,828	368	22,946	30,152
Postage, printing, copying	113	302	415	1,966	14,296	10,890	27,567
SOLA Award	25,000	-	25,000	-	-	-	25,000
Telecommunications	7,699	5,628	13,327	5,377	1,732	2,848	23,284
Bank charges	-	-	-	4,075	221	11,977	16,273
Insurance	2,319	7,987	10,306	1,030	1,546	-	12,882
Travel	44	7,335	7,379	2,264	458	355	10,456
Lifetime Achievement Award	10,000	-	10,000	-	-	-	10,000
Total Functional Expenses	512,461	248,991	761,452	211,583	207,661	225,206	1,405,902
Plus expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	-	145,032	145,032
Total Expenses	<u>\$ 512,461</u>	<u>\$ 248,991</u>	<u>\$ 761,452</u>	<u>\$ 211,583</u>	<u>\$ 207,661</u>	<u>\$ 370,238</u>	<u>\$ 1,550,934</u>

ARTIST TRUST

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Services			Support Services			
	Artist <u>Grants</u>	Professional <u>Development</u>	Total <u>Program</u>	Management and <u>General</u>	<u>Fundraising</u>	<u>Auction</u>	<u>Total</u>
Salaries and wages	\$ 114,339	\$ 89,467	\$ 203,806	\$ 146,744	\$ 93,526	\$ 24,565	\$ 468,641
Employee benefits	11,454	17,134	28,588	18,805	14,477	-	61,870
Payroll taxes	10,110	16,516	26,626	12,432	12,561	-	51,619
Total Payroll and Related	135,903	123,117	259,020	177,981	120,564	24,565	582,130
Professional fees	26,923	19,084	46,007	32,634	35,621	28,038	142,300
Fellowship awards	150,000	-	150,000	-	-	-	150,000
GAP Awards	97,500	-	97,500	-	-	-	97,500
Arts Innovator Award	53,000	-	53,000	-	-	-	53,000
Occupancy	4,263	14,888	19,151	2,960	3,742	10,738	36,591
Depreciation	6,749	20,904	27,653	2,865	4,299	-	34,817
Marketing and public relations	1,989	4,217	6,206	1,752	1,557	14,752	24,267
Supplies and materials	4,546	7,657	12,203	9,425	5,856	1,845	29,329
Miscellaneous	2,829	713	3,542	3,073	962	21,097	28,674
Postage, printing, copying	1,085	1,643	2,728	793	6,533	7,373	17,427
SOLA Award	25,000	-	25,000	-	-	-	25,000
Telecommunications	7,049	6,108	13,157	4,562	1,961	1,562	21,242
Bank charges	-	376	376	2,004	986	6,264	9,630
Insurance	2,148	7,399	9,547	960	1,432	-	11,939
Travel	984	719	1,703	3,840	363	595	6,501
Lifetime Achievement Award	10,000	-	10,000	-	-	-	10,000
Endurance Grants	100,000	-	100,000	-	-	-	100,000
Total Functional Expenses	629,968	206,825	836,793	242,849	183,876	116,829	1,380,347
Plus expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	-	92,460	92,460
Total Expenses	<u>\$ 629,968</u>	<u>\$ 206,825</u>	<u>\$ 836,793</u>	<u>\$ 242,849</u>	<u>\$ 183,876</u>	<u>\$ 209,289</u>	<u>\$ 1,472,807</u>

ARTIST TRUST

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Cash received from:		
Contributions, benefit events and government grants	\$ 1,985,531	\$ 1,156,886
Programs	7,791	5,015
Interest	31,016	11,969
Cash paid for:		
Personnel	(583,031)	(589,645)
Grantees	(335,500)	(435,500)
Suppliers	(420,633)	(315,047)
Interest	<u>(4,326)</u>	<u>(4,913)</u>
Net Cash Provided (Used) by Operating Activities	680,848	(171,235)
Cash Flows from Investing Activities		
Endowment investment distributions	94,375	82,375
Proceeds from sale of securities	<u>57,535</u>	<u>60,160</u>
Net Cash Provided by Investing Activities	151,910	142,535
Cash Flows from Financing Activities		
Repayments on long-term debt	<u>(14,202)</u>	<u>(13,613)</u>
Changes in Cash and Cash Equivalents	818,556	(42,313)
Cash and Cash Equivalents - beginning of year	<u>1,143,022</u>	<u>1,185,335</u>
End of the year, including restricted	1,961,578	1,143,022
Less restricted cash and cash equivalents held for long-term purpose:	<u>(373,342)</u>	<u>(341,000)</u>
Cash and Cash Equivalents - end of year	<u>\$ 1,588,236</u>	<u>\$ 802,022</u>

ARTIST TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Artist Trust is a nonprofit corporation founded in 1986 with a mission to support individual artists of all disciplines across Washington State. Artist Trust raises funds from a variety of public and private sources to provide direct financial support, professional development programs, and informational resources to artists. Since its founding, Artist Trust has distributed more than \$15 million in grants and services to working artists, and it continues to serve as a national model for artist funding and support.

Basis of Accounting and Presentation

The financial statements of Artist Trust have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) restrictions. The Board has designated certain otherwise net assets without donor restrictions as a Board designated endowment and a Board designated operating reserve fund. These funds are approved by the Board to be held for specific purposes and require Board approval to designate for any other purpose.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Artist Trust considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents consist of checking and money market accounts. Deposits with a single financial institution occasionally exceed federally insured limits, which subject Artist Trust to a concentration of deposit risk. Artist Trust has not experienced losses due to this concentration.

Pledges and Grants Receivable

Pledges and grants receivable consist primarily of pledges due from donors and grantors. All balances are unsecured. Unconditional promises to give are recognized as revenue or gains in the period received. Balances that are expected to be collected in more than one year are recorded at the present value of estimated cash flows.

ARTIST TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

An allowance for uncollectible balances has been established by management based upon Artist Trust's historical experience in the collection of balances due.

Inventory

Inventory primarily consists of donated artwork for Artist Trust's benefit event.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied.

The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Assets and liabilities stated at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities, and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows discounted at a risk-free rate of return, which is a level 3 input.

Investments Held by Vanguard

Investments held by Vanguard represent endowment funds that Artist Trust has invested with Vanguard Institutional Advisory Services. These funds are stated at their fair value in the statements of financial position. Investment return is included in the accompanying statements of activities.

ARTIST TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets Held in Trust

Assets held in trust represent endowment assets held by a third party with the stipulation that certain amounts as determined by the Trustee are provided to Artist Trust annually. Assets held in trust are stated at the fair value of the underlying trust assets. Distributions from the fund are available for general operating purposes.

Artist Trust's beneficial interest is reported in the accompanying statements of financial position as a net asset with donor restrictions of a perpetual nature carried at fair value reported by the Trustee at year end. Fair value is measured as the underlying value of the assets held in perpetuity for the Artist Trust's benefit (Level 3 inputs as described above). Artist Trust's interest in gains or losses in the trust's value is recognized in the statements of activities and is included in the change in net assets with donor restrictions of a perpetual nature. Artist Trust records receipts of distributions from the trust as investment return without donor restrictions.

Property and Equipment

Property and equipment is carried at cost. Depreciation is computed using the straight-line method over a period of 3 to 5 years for furniture and equipment and 30 years for the condominium. Property and equipment also includes artwork for display, which was recorded at the estimated fair value at the time of donation. Artist Trust follows a policy whereby it capitalizes purchases of property and equipment of \$1,500 or greater that provide future benefits over a period longer than one year.

Revenue Recognition

Revenue is recognized when earned. Contributions (including those received at special events) are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Program revenue from training and usage fees is recognized when control of these services is transferred to its customers, in an amount that reflects the consideration Artist Trust expects to be entitled to in exchange for the services provided. Amounts received in advance are deferred to the applicable period in which the related services are performed.

All program income is based on performance obligations satisfied at a point in time and primarily consists of ticket sales from workshops, classes, or partnership events. For related performance obligations, control transfers to the customer at a point in time. Payment is typically due in full when the customer completes registration, the contract does not have a significant financing component, and the consideration amount is not variable. Artist Trust records revenue when the event occurs.

ARTIST TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributions

Donations of facilities, goods and services are recognized as revenue at the estimated fair value at the date of donation if they meet the criteria for recognition. Artist Trust recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of expenses was done using one of the following four methods: (a) payroll expenses are allocated according to the timesheet provided each payroll period by all employees with the exception of the Executive Director who uses a percentage allocation; (b) split based on pre-determined percentages based on estimates of time and effort; (c) split based on pre-determined percentages based on square footage; or (d) when known, allocations are made to specific programs or functions, at the time the expense is incurred.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

Artist Trust is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Artist Trust qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

NOTE B - LIQUIDITY AND AVAILABILITY

Artist Trust's financial assets have seasonal variations during the year attributed to the timing of receipt of contributions from fundraising appeals and events. Artist Trust has an operating reserve of undesignated cash on hand for mission delivery. The fiscal goal of the undesignated operating reserve is to establish and maintain three months of cash for core operating costs. In the face of unforeseen budget shortfalls, the Strategic Vision Committee has identified core programs to mission delivery in order to make quick decisions about how to cut expenses should the need arise.

ARTIST TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE B - LIQUIDITY AND AVAILABILITY (Continued)

In addition, Artist Trust has a board-restricted operating reserve, to provide readily available and separately identified funds to assist in managing cash flow needs in the operating budget or to provide funding in the event of a breach of the routine income to Artist Trust. The fiscal goal of the board-restricted operating reserve is to establish and maintain an amount in reserve approximately equal to four months of the general operations portion of the annual budget. Financial assets available for general expenditure within one year of the statement of financial position date are as follows at December 31:

	<u>2025</u>	<u>2024</u>
Financial Assets		
Cash and cash equivalents	\$ 1,961,578	\$ 1,143,022
Pledges and grants receivable	667,796	568,835
Investments and assets held in trust	<u>3,620,631</u>	<u>3,267,214</u>
Total financial assets	6,250,005	4,979,071
Less those unavailable for general expenditures within one year:		
Receivable balances to be collected in future years	(394,729)	(399,091)
Restricted by donors with purpose restrictions	(1,274,893)	(947,263)
Restricted by donors with perpetual restrictions	(2,121,720)	(2,121,720)
Board designated endowment	(307,297)	(298,677)
Board reserve fund (unavailable without Board approval)	<u>(225,000)</u>	<u>(225,000)</u>
	(4,323,639)	(3,991,751)
Add endowment funds expected to be appropriated for general use:		
Cash from fund expected to be available for use	<u>155,654</u>	<u>150,972</u>
Financial assets available within one year	<u>\$ 2,082,020</u>	<u>\$ 1,138,292</u>

NOTE C - PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 285,115	\$ 176,079
Receivable in one to five years	422,500	372,500
Receivable in greater than five years	<u>-</u>	<u>59,000</u>
	707,615	607,579
Less discount to net present value	(27,771)	(32,409)
Less allowance for uncollectible pledges	<u>(12,048)</u>	<u>(6,335)</u>
	<u>\$ 667,796</u>	<u>\$ 568,835</u>

ARTIST TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE C - PLEDGES AND GRANTS RECEIVABLE (Continued)

Artist Trust uses a rate of 2% to calculate the present value of receivables that are due in more than one year.

NOTE D - FAIR VALUE MEASUREMENTS AND INVESTMENTS

Endowment assets held by ArtsFund are held in pooled investment accounts which may be comprised of Level 1, Level 2, and Level 3 investments. As the pooled assets are not actively held or monitored by Artist Trust, they are considered Level 3 investments for Artist Trust.

The following tables summarizes the valuation of Artist Trust's financial investments and interests under the fair value hierarchy.

At December 31, 2025	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Fixed income	\$ 2,039,462	\$ -	\$ -	\$ 2,039,462
Stocks	1,359,642	-	-	1,359,642
Assets held in trust	-	-	221,527	221,527
	<u>\$ 3,399,104</u>	<u>\$ -</u>	<u>\$ 221,527</u>	<u>\$ 3,620,631</u>
At December 31, 2024	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Fixed income	\$ 1,225,141	\$ -	\$ -	\$ 1,225,141
Stocks	1,837,713	-	-	1,837,713
Assets held in trust	-	-	204,360	204,360
	<u>\$ 3,062,854</u>	<u>\$ -</u>	<u>\$ 204,360</u>	<u>\$ 3,267,214</u>

The changes in financial investments and interests measured at fair value using level 3 inputs are reflected below for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 204,360	\$ 194,570
Additions	-	-
Interest and dividends, net of fees	4,908	3,765
Realized and unrealized gains	21,883	15,649
Distributions	(9,624)	(9,624)
Balance, end of year	<u>\$ 221,527</u>	<u>\$ 204,360</u>

ARTIST TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Condominium	\$ 715,261	\$ 715,261
Furniture, equipment and software	52,750	52,750
Artwork	<u>9,300</u>	<u>9,300</u>
	777,311	777,311
Less accumulated depreciation	<u>(590,511)</u>	<u>(555,446)</u>
	<u>\$ 186,800</u>	<u>\$ 221,865</u>

NOTE F - CONDITIONAL GRANTS

During the year ended December 31, 2024, Artist Trust received notice of a government contract from 4Culture totaling \$33,000, of which \$16,500 was recognized and the remaining \$16,500 is scheduled to be recognized in the year ended December 31, 2025, contingent on Artist Trust's completion of terms and conditions set forth in the grant agreements. During the year ended December 31, 2024, Artist Trust received notice of a government contract from Seattle Office of Arts & Culture totaling \$45,000, of which \$15,000 was recognized and the remaining \$30,000 is scheduled to be recognized in \$15,000 increments each in the years ended December 31, 2025, and 2026, contingent on Artist Trust's completion of terms and conditions set forth in the grant agreements. As these awards represent conditional promises to give, the awards will not be recognized as revenue until the grantor conditions are met.

During the year ended December 31, 2025, Artist Trust received notice of a government contract from the Washington State Arts Commission totaling \$6,000, which is scheduled to be recognized in the year ended December 31, 2026, contingent on Artist Trust's completion of terms and conditions set forth in the grant agreements. As this award represents a conditional promise to give, the award will not be recognized as revenue until the grantor conditions are met.

NOTE G - LOAN PAYABLE

Artist Trust has a loan payable to a bank with an original balance of \$350,000. The loan is secured by a deed of trust on Artist Trust's condominium office, payable in monthly installments of \$1,554. Interest may be adjusted on this loan every five years based on the changes in an independent index such that the loan bears interest at 2.5% over the index. The interest rate was 4.07% for each of the years ended December 31, 2025 and 2024. Interest expense totaled \$4,326 and \$4,913 for the years ended December 31, 2025 and 2024, respectively, and is included in occupancy expense.

ARTIST TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE G - LOAN PAYABLE (Continued)

The loan matures in December 2031. The following is a schedule of future minimum principal payments under the loan for the years ending December 31:

2026	\$	14,799
2027		15,422
2028		16,062
2029		16,746
2030		17,450
Thereafter		17,414
	\$	<u>97,893</u>

NOTE H - NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

Net assets without donor restrictions – Board designated consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Board Designated Endowment	\$ 307,297	\$ 298,677
Operating Reserve	<u>225,000</u>	<u>225,000</u>
	<u>\$ 532,297</u>	<u>\$ 523,677</u>

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Restricted for a specified purpose or passage of time:		
Endowment - unappropriated investment return	\$ 1,274,893	\$ 947,263
Arts Innovator Award	300,000	350,000
Time Restricted (Other)	110,115	116,079
The Lillian Miller Foundation Trans* & Indigiqueer Fellowship	25,000	37,500
SOLA Award	60,000	90,000
Brenton & Franklin Counties Programs	-	14,000
Kreielsheimer Artist Trust Fund - unappropriated investment return	71,527	54,360
Vadon Native Fellowship Award	25,000	37,500
Benefit Event	-	9,000
MJ Murdock Charitable Trust	182,000	-
Lorna Jordan Charitable Organization	10,000	-
Filipino Scholarship Fund	-	180

ARTIST TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Perpetual in nature:

General Endowment	\$ 1,213,864	\$ 1,213,864
Lifetime Achievement Endowment	357,856	357,856
Shirley Endowment	150,000	150,000
Kreielsheimer Artist Trust Fund	150,000	150,000
Panaca Endowment	100,000	100,000
Gurvich Endowment	100,000	100,000
Shari Behnke Endowment	40,000	40,000
Mills Endowment	10,000	10,000
	<u>\$ 4,180,255</u>	<u>\$ 3,777,602</u>

NOTE J - ENDOWMENTS

Nature of Endowments and Applicable Laws

The Endowments consist of donor restricted and Board designated endowments in which the investment return is to be used to support the programs and operations of Artist Trust. The Endowments are included primarily as investments and assets held in trust. These investment funds are held at Vanguard.

The Board of Directors of Artist Trust has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, Artist Trust retains in perpetuity (a) the original value of initial and subsequent gifts donated to the endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts that are not retained in perpetuity are subject to appropriation for expenditure by Artist Trust in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Artist Trust considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of Artist Trust, and (7) Artist Trust's investment policies.

ARTIST TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE J - ENDOWMENTS (Continued)

Investment Return Objectives, Risk Parameters and Strategies

The funds are designated under various names and are collectively referred to as the Artist Trust Endowment Fund (the Fund). Artist Trust has engaged Vanguard to manage the Fund in accordance with the terms of the Discretionary Investment Management Agreement. The Fund is measured at fair value using Level 3 inputs as described in Note C above.

The Fund's purpose is to support the operations of Artist Trust in carrying out its mission. The intent is to ensure the long-term viability and sustainability of Artist Trust. From time to time and under its spending policy, Artist Trust submits a request to Vanguard to release and distribute funds to Artist Trust for its operations.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Fund is under permanent management at Vanguard through a Discretionary Investment Management Agreement, as noted above, in order to provide for professional long-term management of these funds. Artist Trust has adopted investment and spending policies for endowment assets that intend to provide a predictable stream of funding to programs supported by endowments while seeking to maintain the purchasing power of endowment assets. Under this policy, as approved by the Board of Artist Trust, endowment assets are invested in a manner that is intended to produce results that, over time, will provide a real rate of return equal to the spending rate while assuming a reasonable level of investment risk.

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor restricted endowment funds may have fallen below the level that the donor requires Artist Trust to retain as a fund of perpetual duration.

Endowment Held by ArtsFund Foundation

The Kreielsheimer Remainder Foundation established the Kreielsheimer Artist Trust Fund, a permanent endowment fund for the benefit of Artist Trust. In 2012, the Kreielsheimer Artist Trust Fund was transferred to ArtsFund Foundation (ArtsFund). The purpose of the Kreielsheimer Artist Trust Fund is to provide general support of the programs and organizational operations of Artist Trust. Under the terms of the agreement with ArtsFund, the Kreielsheimer Artist Trust Fund is managed by ArtsFund, utilizing a total return asset management approach designed to achieve a maximum total return, including in the measurement thereof, unrealized appreciation and depreciation.

The Kreielsheimer Artist Trust Fund is pooled along with ArtsFund's other funds. The distribution policy is established by the ArtsFund Board of Directors. As a result, Artist Trust does not have control over the return objectives, risk parameters, investment objectives or spending policy for the Fund. As determined by the Arts Fund Board of Directors, annual distributions equal 5% of the fund balance as of December 31st of the previous year.

ARTIST TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE J - ENDOWMENTS (Continued)

Campaign for a Creative Future

Artist Trust has embarked on a fundraising campaign to help build the sustainability of Artist Trust and fuel innovation for individual artists. Endowed gifts received during this campaign are held in Artist Trust's General Endowment. Gifts intended to fuel innovation for individual artists are held in money market funds, and investment strategies are determined by the Artist Trust Board of Trustees each year in response to artist needs.

	Without Donor Restriction	With Donor Restrictions		Total
		Purpose and time	Perpetual in nature	
Endowment net assets, 12/31/2023	\$ 370,057	\$ 845,134	\$ 2,121,720	\$ 3,336,911
Contributions	-	-	-	-
Investment income, net of fees	7,380	299,031	-	306,411
Amounts appropriated for expenditure	(78,760)	(142,542)	-	(221,302)
Endowment net assets, 12/31/2024	\$ 298,677	\$ 1,001,623	\$ 2,121,720	\$ 3,422,020
Contributions	-	-	-	-
Investment income, net of fees	12,277	492,135	-	504,412
Amounts appropriated for expenditure	(3,657)	(147,338)	-	(150,995)
Endowment net assets, 12/31/2025	<u>\$ 307,297</u>	<u>\$ 1,346,420</u>	<u>\$ 2,121,720</u>	<u>\$ 3,775,437</u>

NOTE K - BENEFIT EVENTS

Benefit events revenue is shown in the statements of activities net of consumable costs that directly benefit the participants of the event. The net revenue is as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Gross special events revenue	\$ 476,258	\$ 282,650
Less cost of direct donor benefits	(145,032)	(92,460)
	<u>\$ 331,226</u>	<u>\$ 190,190</u>

NOTE L - RETIREMENT PLAN

Artist Trust has a Simple IRA plan (the Plan) for employees who meet the Plan's eligibility requirements. Artist Trust matches a portion of employee contributions. Artist Trust contributed \$12,762 and \$11,745 to the Plan during the years ended December 31, 2025 and 2024, respectively.

ARTIST TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE M - FUNDRAISING EXPENSES

In order to accomplish Artist Trust's mission of providing grants to artists, a significant amount of time must be spent raising grant money. As a result of these efforts and because of the nature of Artist Trust, the proportion of fundraising expenses may be higher than for other non-profit organizations. Total fundraising expenses were \$432,867 and \$300,704 for the years ended December 31, 2025 and 2024, respectively.

NOTE N - CONCENTRATIONS

A pledge receivable from one donor comprised approximately 51% and 68% of the pledges and grants receivable balance as of both December 31, 2025 and 2024, respectively.

NOTE O - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2025 through May 16, 2026, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2025, including the estimates inherent in the processing of financial statements.