

# **Academy of Motion Picture Arts and Sciences and its affiliates**

**Consolidated Financial Statements  
June 30, 2024 and 2023**

# Academy of Motion Picture Arts and Sciences and its affiliates

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June 30, 2024 and 2023

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## **Report of Independent Auditors**

To the Board of Governors and Management of the Academy of Motion Picture Arts and Sciences

### ***Opinion***

We have audited the accompanying consolidated financial statements of the Academy of Motion Picture Arts and Sciences and its affiliates (the "Academy"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Academy as of June 30, 2024 and 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Academy 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 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 Academy's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

### ***Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with US GAAS, 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 Academy'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 Academy'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.

*PricewaterhouseCoopers LLP*

Los Angeles, California  
November 20, 2024

**Academy of Motion Picture Arts and Sciences and its affiliates**  
**Consolidated Statements of Financial Position**  
**June 30, 2024 and 2023**

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	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 8,773,600	\$ 6,851,800
Accounts and other receivables, net	2,761,600	3,103,900
Investments	762,456,000	690,109,900
Pledges receivable, net	73,179,000	77,919,000
Prepaid expenses	4,850,000	5,133,000
Property, equipment and building improvements, net	517,097,900	545,529,400
Right of use assets, net	24,136,300	25,026,000
Academy collections, carried at no value (Note 1)	-	-
Other assets, net	2,097,800	2,180,100
Total assets	<u>\$ 1,395,352,200</u>	<u>\$ 1,355,853,100</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 12,631,800	\$ 13,059,400
Accrued salaries and benefits	14,187,500	16,632,200
Grants payable, less discount	493,400	500,000
Deferred income	13,098,600	11,937,500
Lease liabilities	3,774,600	4,457,300
Debt	430,539,400	452,539,200
Total liabilities	<u>474,725,300</u>	<u>499,125,600</u>
<b>Net assets</b>		
Net assets without donor restrictions	874,418,100	818,593,600
Net assets with donor restrictions	46,208,800	38,133,900
Total net assets	<u>920,626,900</u>	<u>856,727,500</u>
Total liabilities and net assets	<u>\$ 1,395,352,200</u>	<u>\$ 1,355,853,100</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Academy of Motion Picture Arts and Sciences and its affiliates**  
**Consolidated Statements of Activities**  
**Years Ended June 30, 2024 and 2023**

	2024	2023
<b>Changes in net assets without donor restrictions</b>		
Revenues and other support		
Academy Awards and related activities	\$ 146,615,700	\$ 143,457,600
Contributions of cash and financial assets, net	28,217,700	21,669,700
Contributed nonfinancials assets	90,300	90,300
Investment return, net	66,671,400	36,896,100
Other revenues	21,528,000	23,531,700
Total revenues	<u>263,123,100</u>	<u>225,645,400</u>
Net assets released from restrictions	<u>3,552,800</u>	<u>4,449,900</u>
Total revenues and other support	<u>266,675,900</u>	<u>230,095,300</u>
Expenses		
Academy Awards and related activities	57,723,100	56,645,100
Membership, theater, and other operations	9,306,300	8,508,400
Library, Archive, and Science and Technology operations	20,315,000	20,733,400
Museum operations	50,858,800	50,861,200
Public outreach programs	5,603,300	5,464,300
Fundraising	8,127,200	6,563,100
General and administrative expenses	22,231,600	19,337,600
Interest expense	10,268,600	11,813,700
Depreciation expense	35,667,200	36,666,000
Total expenses	<u>220,101,100</u>	<u>216,592,800</u>
Increase in net assets from operations	46,574,800	13,502,500
Other components of net periodic benefit cost	(9,900)	(1,239,700)
Pension and postretirement-related changes other than net periodic benefit cost	1,062,800	3,071,600
Extinguishment of debt	8,721,400	-
Increase in net assets without donor restrictions	<u>56,349,100</u>	<u>15,334,400</u>
<b>Changes in net assets with donor restrictions</b>		
Contributions of cash and financial assets, net	9,713,400	1,139,100
Net assets released from restrictions	(3,552,800)	(4,449,900)
Investment return from restricted funds in perpetuity, net	1,914,200	860,300
Increase (decrease) in net assets with donor restrictions	<u>8,074,800</u>	<u>(2,450,500)</u>
Total increase in net assets before changes related to collection items not capitalized	64,423,900	12,883,900
Purchases of non-capitalized collections	<u>(524,500)</u>	<u>(610,000)</u>
Total increase in net assts	63,899,400	12,273,900
<b>Net assets</b>		
Beginning of year	<u>856,727,500</u>	<u>844,453,600</u>
End of year	<u>\$ 920,626,900</u>	<u>\$ 856,727,500</u>

The accompanying notes are an integral part of these consolidated financial statements.

# Academy of Motion Picture Arts and Sciences and its affiliates

## Consolidated Statements of Cash Flows

### Years Ended June 30, 2024 and 2023

	2024	2023
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 63,899,400	\$ 12,273,900
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	37,553,800	37,585,200
Debt premium accretion	(8,371,500)	(7,884,900)
Purchases of non-capitalized collections	524,500	610,000
Contributions related to long-lived assets	(13,060,500)	(395,000)
Bad debt expense related to pledges receivable	75,600	52,000
Present value adjustment to pledges receivable	6,925,000	(2,393,000)
Present value adjustment to grants payable	(6,600)	500
Net realized and unrealized gain on investments	(51,892,600)	(23,357,700)
Gain on debt extinguishment	(8,721,400)	-
Changes in assets and liabilities		
Accounts and other receivables, net	342,300	4,613,200
Pledges receivable, net	(4,328,600)	13,001,900
Prepaid expenses	283,000	(1,379,500)
Other assets	(1,190,700)	(1,197,400)
Accounts payable and accrued expenses	(514,100)	(764,500)
Accrued salaries and benefits	(2,444,700)	(3,570,100)
Grants payable	-	(500,000)
Deferred income	1,161,100	(2,899,600)
Net cash provided by operating activities	20,234,000	23,795,000
<b>Cash flows from investing activities</b>		
Sales and maturities of investments	210,106,900	369,156,900
Purchases of investments	(230,560,400)	(383,909,300)
Purchases of non-capitalized collections	(524,500)	(610,000)
Additions to property, equipment and building improvements	(7,149,200)	(9,073,900)
Net cash used in investing activities	(28,127,200)	(24,436,300)
<b>Cash flows from financing activities</b>		
Contributions for long-lived assets	14,910,500	2,745,000
Contributions for perpetual endowments and income	218,000	351,200
Extinguishment or repayment of debt	(144,065,000)	(4,640,000)
Proceeds from debt issuance	140,111,900	-
Debt issuance costs	(1,360,400)	-
Net cash provided by (used in) financing activities	9,815,000	(1,543,800)
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,921,800	(2,185,100)
<b>Cash, cash equivalents, and restricted cash</b>		
Beginning of year	6,853,400	9,038,500
End of year	\$ 8,775,200	\$ 6,853,400
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 18,475,700	\$ 19,308,900
<b>Supplemental schedule of noncash activities</b>		
Property, equipment and building improvements included in accounts payable and accrued expenses	\$ 402,200	\$ 564,600
Write-off of fully depreciated property, equipment and building improvements	8,571,100	-
Donations to non-capitalized collections	4,014,500	5,377,600

The accompanying notes are an integral part of these consolidated financial statements.

# Academy of Motion Picture Arts and Sciences and its affiliates

## Notes to Consolidated Financial Statements

### June 30, 2024 and 2023

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#### 1. Reporting Entity and Summary of Significant Accounting Policies

##### **Reporting Entity**

The accompanying consolidated financial statements include the accounts of the Academy of Motion Picture Arts and Sciences (“AMPAS”) (tax-exempt entity under IRC 501(c)(6)) and its affiliates, including the Academy Foundation (“Foundation”) (tax-exempt affiliate under IRC 501(c)(3)), the Vine Street Archive Foundation (“Vine Street”), the Academy Museum Foundation (“Museum”), and the Archival Foundation (“Archival”) (collectively, the “Academy”). Vine, Museum and Archival are tax-exempt affiliates of the Foundation under IRC 501(a)(3). All entities are not-for-profit corporations. The purpose of the Foundation is to promote and support educational and cultural activities related to the motion picture industry. The purpose of Vine Street is to own and operate the Mary Pickford Center for Motion Picture Study (“Pickford Center”). The purpose of the Museum is to operate the Academy Museum of Motion Pictures, a museum devoted to exploring and curating the history and future of the moving image. The purpose of Archival is to operate the Douglas Fairbanks Center for Motion Picture Study (“Fairbanks Center”), the Margaret Herrick Library, and the Academy Film Archive. AMPAS’s Board of Governors selects the trustees of the Foundation and the Foundation’s Board of Trustees appoints or ratifies the trustees of the other three foundations.

##### **Principles of Consolidation and Basis of Presentation**

The Academy’s consolidated financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. All inter-entity transactions eliminate in consolidation.

##### **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### **Recognition of Revenues and Expenses**

###### ***Academy Awards and related activities***

The Academy has granted the domestic television broadcast rights to the American Broadcasting Company, Inc. (“ABC”) through 2028 and the foreign broadcast rights to Buena Vista International (“BVI”) through 2028 for the Academy Awards program. The revenues and expenses categorized as Academy Awards and related activities in the accompanying consolidated statements of activities include the Academy Awards program, Governors’ Ball, nominations screenings, nominees’ luncheon, and copyright/trademark protection. Revenue is recognized at the point in time when each Academy Awards program, a functional license of intellectual property, is made available to the customer. The Academy has determined that each functional license constitutes a separate performance obligation.

The Academy utilizes judgment to determine the transaction price, which includes both fixed fees and minimum guarantees, and sales or usage-based royalties. The fixed fee or minimum guarantee is allocated to each performance obligation based on estimates of relative stand-alone selling price. The amounts related to each performance obligation are recognized when the license has been delivered and the customer is able to begin to use and benefit from the license.

The Academy also can earn a sales or usage-based royalty, and revenues are recognized at the later of when the subsequent sale or usage occurs, or the performance obligation to which some or all the sales or usage-based royalty has been allocated has been satisfied (or partially satisfied).



# Academy of Motion Picture Arts and Sciences and its affiliates

## Notes to Consolidated Financial Statements

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Cash collections from customers vary by contract and typically occur within 90 days of revenue recognition. When the period between fulfillment of the Academy's performance obligation and the receipt of payment is expected to be greater than a year, a significant financing component is present. Any advance payments received under the contract are recorded as deferred income and allocated to each of the performance obligations. Deferred income is recognized as revenue in the period the performance obligation is fulfilled. The unrecognized portion of the payments is reflected as deferred income in the accompanying consolidated statements of financial position (Note 9).

Remaining performance obligations for Academy Awards related contracts include both deferred income on the consolidated statements of financial position and minimum guarantee or fixed fee contracts where the revenue will be recognized and the cash received in the future. The Academy is expected to recognize this revenue on an annual basis through 2028. The Academy applies the practical expedient and the remaining performance obligation does not include estimates of variable consideration or sales or usage-based royalties in exchange for the licenses of intellectual property. Revenues expected to be recognized over the terms of the contracts related to contractual performance obligations that are unsatisfied as of June 30, 2024 are:

	2025	2026	2027	Thereafter	Total
Remaining Performance Obligations	<u>\$136,366,000</u>	<u>\$ 140,627,000</u>	<u>\$ 144,904,000</u>	<u>\$ 149,196,000</u>	<u>\$ 571,093,000</u>

Revenues expected to be recognized over the terms of the contracts related to contractual performance obligations that are unsatisfied as of June 30, 2023 are:

	2024	2025	2026	Thereafter	Total
Remaining Performance Obligations	<u>\$ 133,134,000</u>	<u>\$ 136,154,000</u>	<u>\$ 140,408,000</u>	<u>\$ 303,641,000</u>	<u>\$ 713,337,000</u>

### **Contributions**

#### **Contributions Received**

Unconditional contributions are recognized as revenue in the period in which they are received. Funds subsequently transferred from net assets with donor restrictions to net assets without donor restrictions, in amounts equal to such expenditures, have been reported in the accompanying consolidated statements of activities as net assets released from restrictions. When the restriction is satisfied in the year the contribution is received, then the contribution is recorded in net assets without donor restrictions. Cash received from donors for the express purpose of the construction of long-lived assets or investment in perpetual endowment are reflected as net assets with donor restrictions, and as a financing source in the consolidated statements of cash flows.

Unconditional promises to give are recorded as revenue in the period received. If the pledge is due in more than one year, the pledge is discounted using an appropriate rate as of the date of the pledge. An allowance is established to provide for nonpayment of pledges if collectability is not reasonably assured.

Conditional promises to give consist of promises to give which contain donor imposed conditions that have not been substantially met (Note 5). These promises to give are recognized when the donor conditions are substantially met.

# Academy of Motion Picture Arts and Sciences and its affiliates

## Notes to Consolidated Financial Statements

### June 30, 2024 and 2023

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#### **Contributions Made**

The Academy provides grants, contributions and awards to various program participants, charities and student films awards. Grants payable are recognized in the period in which the commitment is made. If the grant is payable in more than one year, the grant is discounted using an appropriate rate as of the date of the grant.

#### **Contributed Nonfinancial Assets**

For the years ended June 30, 2024 and 2023, the Academy recognized as revenue contributed nonfinancial assets totaling \$90,300. Contributed nonfinancial assets consisted of donated equipment maintenance and are restricted for use at the Academy Museum. For the years ended June 30, 2024 and 2023, contributed equipment maintenance was valued at \$90,300 based on similar maintenance services. Contributed nonfinancial assets are measured at fair value and classified as Level II (see Fair Value Measurements below).

#### **Other Revenues**

The following table provides the detail of other revenues reported within the consolidated statements of activities for the years ended June 30:

	<b>2024</b>	<b>2023</b>
Museum earned revenues	\$ 15,299,100	\$ 17,970,800
Membership dues and theater rentals	5,485,900	4,901,600
Research library and other educational and cultural activities	738,200	659,300
Other income	4,800	-
	<u>\$ 21,528,000</u>	<u>\$ 23,531,700</u>

#### **Museum Earned Revenues**

Museum earned revenues consist of ticket sales (admission and programming), retail sales, event rentals, and sponsorships. Ticket sales are recognized at the point in time when the ticket is used because the benefits do not extend past the day of admission. Retail sales are recognized at a point in time when the good is provided to the customer. Event rentals are recognized at the point in time when the event has occurred. Sponsorship revenues are recognized as the sponsor benefits from the promotional activities included in the contractual agreements. Payment for ticket and retail sales are due at the time of sale. Advance payments received for event rentals and sponsorships are recorded as deferred income until related performance obligations have been satisfied.

#### **Membership Dues**

Membership dues are paid on a fiscal year basis and are recognized as income ratably during the year. The portion of dues not yet recognized at June 30 is included in deferred income in the accompanying consolidated statements of financial position (Note 9).

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

The Academy considers all highly liquid investments purchased with an original maturity of three months or less and held by the Academy to be cash equivalents except those held as part of the overall long-term investment portfolio. The carrying value of cash and cash equivalents approximates fair value because of their short maturity.

# Academy of Motion Picture Arts and Sciences and its affiliates

## Notes to Consolidated Financial Statements

### June 30, 2024 and 2023

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The following table provides a reconciliation of cash and cash equivalents reported within the consolidated statements of financial position that sums to amounts shown in the consolidated statements of cash flows:

	2024	2023
Cash and cash equivalents	\$ 8,773,600	\$ 6,851,800
Cash included in investments	<u>1,600</u>	<u>1,600</u>
	<u>\$ 8,775,200</u>	<u>\$ 6,853,400</u>

#### Fair Value Measurements

The Academy follows authoritative guidance which defines fair value and establishes methods for measuring fair value by applying one of three observable approaches (market approach, income approach or cost approach) and expands required disclosures about fair value measurements. This standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price), in the most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

- Level I Unadjusted quoted prices in active markets for identical assets or liabilities that the Academy has the ability to access at the measurement date. An active market for the asset is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available.
- Level II Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. Level II inputs include quoted prices for similar assets or liabilities in markets that are either active or inactive, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level III Inputs are unobservable for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. Unobservable inputs reflect the Academy's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances.

Assets and liabilities measured at fair value are classified and disclosed in Note 4. There have been no transfers of assets and liabilities between levels.

The Academy applies the authoritative guidance contained in FASB ASC 820-10, *Fair Value Measurements and Disclosures*, for estimating the fair value of investments in investment funds that have calculated Net Asset Value (NAV) per share in accordance with FASB ASC 946-10, *Financial Services-Investment Companies* (formerly the American Institute of Certified Public Accountants Audit and Accounting Guide, Investment Companies). According to this guidance, in circumstances in which NAV per share of an investment is not determinative of fair value, a reporting entity is permitted to estimate the fair value of an investment in an investment fund using

# Academy of Motion Picture Arts and Sciences and its affiliates

## Notes to Consolidated Financial Statements

### June 30, 2024 and 2023

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the NAV per share of the investment (or its equivalent) without further adjustment, if the NAV per share of the investment is determined in accordance with FASB ASC 946-10 as of the reporting entity's measurement date. Accordingly, the Academy uses the NAV as reported by the money managers as a practical expedient, to determine the fair value of investments in investment funds which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment fund or prepare their financial statements consistent with the measurement principles of an investment fund. At June 30, 2024 and 2023, the fair value of all such investments in investment funds has been determined by using NAV as a practical expedient adjusted for capital calls, distributions and significant known valuation changes, if any, of its related portfolio.

#### **Investments and Investment Return, net**

All monies held by the Academy's investments portfolio managers are classified as investments. Changes in fair value are reported as investment return, net in the consolidated statements of activities. Investment fees for mutual fund investments are a deduction in interest and dividend income by the mutual fund and included in investment return, net. Investment fees for investment portfolio managers are billed directly to the Academy and included as a component of investment return, net.

#### **Pledges Receivable**

Pledges receivable represent unconditional promises to give to the Academy Museum of Motion Pictures. Pledges in excess of one year are discounted to the net present value using a range of applicable discount rates (Note 5). The Academy has recorded an allowance for doubtful accounts to reduce the receivable balance to the estimated collectible balance (Note 5).

#### **Property, Equipment and Building Improvements**

Buildings, building improvements, furniture and equipment are carried at cost less accumulated depreciation. Expenditures that substantially extend the useful lives of assets are capitalized. Applicable construction period interest and property taxes are capitalized to construction in progress when incurred. Maintenance and repairs are expensed as incurred. Depreciation expense is computed using the straight-line method over the useful lives of the assets: thirty years for the buildings, twenty to thirty years for building improvements, twenty to thirty years for leasehold improvements, and one to ten years for furniture, fixtures and equipment.

When an asset is no longer useful, the asset is retired and any remaining net book value (historical cost less accumulated depreciation) is included in depreciation expense in the accompanying consolidated statements of activities.

# Academy of Motion Picture Arts and Sciences and its affiliates

## Notes to Consolidated Financial Statements

### June 30, 2024 and 2023

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#### **Leases**

The Academy's leases are primarily real estate operating leases and a finance lease. The Academy determines if an arrangement is or contains a lease at inception of the contract and depending upon the terms and conditions set forth in the contract. The Academy uses an incremental borrowing rate to determine the present value of lease payments when the implicit rate in the lease is not readily available. The Academy recognizes operating lease expense within library, archive, and science and technology operations, museum operations, and general and administrative expenses on the consolidated statements of activities on a straight-line basis over the lease term. On the consolidated statements of financial position, right of use assets represent the Academy's right to use the underlying assets for the lease term and lease liabilities represent the Academy's obligation to make lease payments arising from the leases. Right of use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Right of use assets are reduced each period by an amount equal to the difference between the operating lease expense and the amount of interest expense on the lease liability utilizing the effective interest method.

#### **Impairment**

The Academy's long-lived assets are carried at cost less accumulated depreciation or amortization. Whenever events or changes in circumstances suggest that the carrying amount may not be recoverable, management assesses the recoverability of the carrying amount of its long-lived assets. If impaired, the Academy will reduce the carrying amount to its estimated fair value.

#### **Debt Premium**

Debt premium represents funds paid to the Academy in excess of the amount repayable on the fixed rate bonds at their maturity. Debt premium is amortized using the effective interest method over the life of the fixed rate bonds. The amortization is included in interest expense in the consolidated statements of activities. The debt premium is included in the debt balance on the consolidated statements of financial position (Note 10).

#### **Debt Issuance Costs**

The Academy evaluates costs incurred related to debt financing to determine the appropriate accounting treatment in accordance with ASC 470. The debt issuance costs represent funds paid by the Academy to issue the fixed rate bonds. Debt issuance costs are amortized over the term of the debt using the effective interest method or on a straight-line basis, if it is not significantly different from the effective interest method, and are recorded as interest expense in the consolidated statements of activities. Debt issuance costs are included in the debt balance on the consolidated statements of financial position (Note 10).

#### **Academy Collections**

The Academy Collections consist of the holdings of the Academy Museum, the Margaret Herrick Library and the Academy Film Archive. The holdings consist of significant three-dimensional motion picture objects, documents, photographs and motion pictures. The holdings are made available to students and scholars for motion picture industry and art form research and are included in the Academy Museum exhibitions. These collections are donated to, preserved and maintained by the Foundation, and are carried at no value on the consolidated statements of financial position. If an item is deaccessioned from the collection and sold, the proceeds are to be used to fund new collection purchases.

#### **Net Assets**

The Academy presents net assets with donor restrictions and net assets without donor restrictions in the accompanying consolidated financial statements. The amounts in each category are determined based on the source of the assets and donor-imposed restrictions (Note 13).

# Academy of Motion Picture Arts and Sciences and its affiliates

## Notes to Consolidated Financial Statements

### June 30, 2024 and 2023

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#### **Net Assets Without Donor Restrictions**

Net assets without donor restrictions are the part of net assets of a not-for-profit entity that are not subject to donor-imposed restrictions. A donor-imposed restriction is a donor stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the following: a) the nature of the not-for-profit entity, b) the environment in which it operates, c) the purposes specified in its articles of incorporation or bylaws or comparable documents and d) time-restricted.

This classification includes all revenues, gains and expenses not restricted by donors. The Academy reports all expenditures, with the exception of investment expenses, in this class of net assets, since the use of restricted contributions in accordance with donors' restrictions results in the release of the restriction.

#### **Net Assets With Donor Restrictions**

The Academy follows authoritative guidance on classifying the net assets associated with donor-restricted endowment funds held by not-for-profit entities that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). For each donor-restricted endowment fund, not-for-profit organizations are required to classify the portion of the fund that is not classified as perpetual in nature as time restricted until appropriated for expenditure by the organization.

Within net assets with donor restrictions, the Foundation classifies donor-restricted contributions for (i) Museum education programs and (ii) Other education and restoration projects not yet used to fund program expenses as purpose restricted. The Academy's Board of Governors (the "Board") has designated some Academy Museum contributions that are no longer subject to donor restrictions to fund specific operational purposes. These board-designated contributions to the Academy Museum and related investment income are included in net assets without donor restrictions.

All Fairbanks Center endowment fund contributions are perpetual in nature and the related income is time restricted until the related income is appropriated for expenditure by the Archival Board of Trustees in accordance with the Academy's spending policy. All Nicholl endowment fund contributions are perpetual in nature and the related income is classified in accordance with the grant document as perpetual in nature or time restricted until the related income is appropriated for expenditure by the Vine Street Board of Trustees in accordance with the Academy's spending policy. The Museum's net assets with donor restrictions include both endowments and a promise to give an endowment, which is perpetual in nature. The related income is classified as time restricted until the related income is appropriated for expenditure by the Museum Board of Trustees in accordance with the Academy's spending policy. All board-designated contributions to the endowment and the related endowment investment income are included in net assets without donor restrictions (Note 11).

#### **Concentrations of Credit Risk and Major Customers**

The Academy is subject to concentrations of credit risk with respect to cash and cash equivalents and investments, which the Academy attempts to minimize by entering into these arrangements with major banks and financial institutions and investing in high-quality instruments. The Academy does not expect any counterparties to fail to meet their obligations.

The Academy has two major customers which represent 49% of total revenues in 2024 and 2023.

#### **Advertising**

Advertising costs are charged to expense in the period incurred. Advertising expense was \$5,801,800 and \$6,855,300 for the years ended June 30, 2024 and 2023, respectively, and is

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## Notes to Consolidated Financial Statements

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included in (i) Academy Awards and related activities and (ii) museum operations in the accompanying consolidated statements of activities.

#### **Fundraising**

Fundraising costs are charged to expense in the period incurred. Fundraising costs consist of all expenses, including salary and benefits, associated with activities undertaken to induce potential donors to contribute money, securities, services, materials, other assets, or time.

#### **Income Taxes**

AMPAS, Foundation, Vine Street, Museum and Archival are non-profit organizations determined by the Internal Revenue Service and the California Franchise Tax Board to be exempt from federal and state income taxes, respectively.

The Academy has no open tax positions that result in material unrecognized tax benefits or liabilities.

#### **Reclassifications**

Certain reclassifications have been made to the 2023 consolidated statement of activities to conform to the 2024 presentation. The reclassifications include the aggregation of certain revenue streams within the other revenues category and presenting depreciation expense separately from the program and support areas to which they relate. See Note 1 above for further detail on other revenues and Note 14 for further detail on depreciation expense by program and support area. There was no impact to total revenues, total expenses, or the change in net assets as a result of these reclassifications.

#### **Significant Accounting Pronouncements Adopted in Financial Statement Period**

ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*, was promulgated November 2021. This ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Topic 842 currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. This guidance will allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. Adoption of this guidance did not have a material impact on the consolidated financial statements as the Academy chose not to use the practical expedient. The ASU was effective for the Academy for the year ended June 30, 2023.

ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, was promulgated June 2016. ASU 2016-13 and subsequent amendments are codified in ASC 326. ASC 326 is effective for all not-for-profit entities for fiscal years beginning after December 15, 2022. ASC 326 requires the immediate recognition of estimated expected credit losses over the life of a financial instrument, including trade receivables, net investments in leases (for lessors with sales-type or direct financing leases), and certain off-balance sheet credit exposures. The estimate of expected credit losses considers not only historical information, but also current and future economic conditions and events. Adoption of this guidance did not have a material impact on the consolidated financial statements as the Academy has no credit losses. The ASU was effective for the Academy for the year ended June 30, 2024.

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**2. Availability and Liquidity**

The following represents the Academy's financial assets at June 30, 2024 and 2023 that are available to meet cash needs for general expenditures within one year of the date of the statements of financial position:

	<b>2024</b>	<b>2023</b>
Financial assets at year end		
Cash and cash equivalents	\$ 8,773,600	\$ 6,851,800
Accounts and other receivables, net	2,761,600	3,103,900
Investments	762,456,000	690,109,900
Pledges receivable expected to be collected from donors within a year	<u>17,376,400</u>	<u>29,597,400</u>
	791,367,600	729,663,000
Less amounts not available to be used for operations in one year		
Donor restricted funds	46,208,800	38,133,900
Less pledges receivable classified as donor restricted funds	(12,727,400)	(750,600)
Investments not redeemable within a year	22,130,600	19,779,800
Board designated funds	<u>68,975,900</u>	<u>64,615,500</u>
	<u>124,587,900</u>	<u>121,778,600</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 666,779,700</u>	<u>\$ 607,884,400</u>

The Academy's goal is to maintain financial assets to meet at least a full year of operating expenses. As part of its liquidity plan, this potential cash requirement is invested in readily marketable mutual fund investments.



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**3. Investments**

Investments consist of the following at June 30:

	<b>2024</b>	<b>2023</b>
Cash and short-term investments	\$ 56,790,800	\$ 38,671,000
Fixed income		
Fixed income securities	36,033,800	49,177,200
Mutual fund—fixed income	130,197,900	119,285,700
Equities		
Equity securities	22,303,200	19,316,700
Mutual fund—equity	126,531,000	109,987,300
Private fund—equity	111,802,700	91,869,600
Real estate		
REIT investments	17,766,200	16,676,100
Real estate alternative investments	22,769,600	24,202,000
Alternative investments		
Mutual fund—alternative investments	100,748,400	97,468,600
Absolute return hedge fund	124,220,400	111,527,600
Private equity	4,012,500	2,678,700
Private credit	9,279,500	9,249,400
	<u>\$ 762,456,000</u>	<u>\$ 690,109,900</u>

Investment return, net consists of the following for the years ended June 30:

	<b>2024</b>	<b>2023</b>
Interest and dividend income	\$ 17,428,900	\$ 15,011,700
Net realized gain (loss) on investments	568,600	(5,771,400)
Net unrealized gain on investments	51,324,000	29,129,100
Investment fees	<u>(735,900)</u>	<u>(613,000)</u>
	<u>\$ 68,585,600</u>	<u>\$ 37,756,400</u>

Investment return, net is classified in the consolidated statements of activities as follows for the years ended June 30:

	<b>2024</b>	<b>2023</b>
Net assets without donor restrictions	\$ 66,671,400	\$ 36,896,100
Net assets with donor restrictions	<u>1,914,200</u>	<u>860,300</u>
	<u>\$ 68,585,600</u>	<u>\$ 37,756,400</u>

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#### 4. Fair Value Measurements

The following table summarizes by level, within the fair value hierarchy, the Academy's assets measured at fair value as of June 30, 2024:

	Assets			NAV	Total
	Level I	Level II	Level III		
<b>Assets</b>					
Cash and short-term investments	\$ 56,790,800	\$ -	\$ -	\$ -	\$ 56,790,800
Fixed income					
Fixed income securities	-	36,033,800	-	-	36,033,800
Mutual fund—fixed income	130,197,900	-	-	-	130,197,900
Equities					
Equity securities	22,303,200	-	-	-	22,303,200
Mutual fund—equity	126,531,000	-	-	-	126,531,000
Private fund—equity	-	-	-	111,802,700	111,802,700
Real estate					
REIT investments	17,766,200	-	-	-	17,766,200
Real estate alternative investments	-	-	-	22,769,600	22,769,600
Alternative investments					
Mutual fund—alternative investments	70,387,800	30,360,600	-	-	100,748,400
Absolute return hedge fund	-	-	-	124,220,400	124,220,400
Private equity	-	-	-	4,012,500	4,012,500
Private credit	-	-	-	9,279,500	9,279,500
	<u>\$ 423,976,900</u>	<u>\$ 66,394,400</u>	<u>\$ -</u>	<u>\$ 272,084,700</u>	<u>\$ 762,456,000</u>

The following table summarizes by level, within the fair value hierarchy, the Academy's assets measured at fair value as of June 30, 2023:

	Assets			NAV	Total
	Level I	Level II	Level III		
<b>Assets</b>					
Cash and short-term investments	\$ 38,671,000	\$ -	\$ -	\$ -	\$ 38,671,000
Fixed income					
Fixed income securities	-	49,177,200	-	-	49,177,200
Mutual fund—fixed income	119,285,700	-	-	-	119,285,700
Equities					
Equity securities	19,316,700	-	-	-	19,316,700
Mutual fund—equity	109,987,300	-	-	-	109,987,300
Private fund—equity	-	-	-	91,869,600	91,869,600
Real estate					
REIT investments	16,676,100	-	-	-	16,676,100
Real estate alternative investments	-	-	-	24,202,000	24,202,000
Alternative investments					
Mutual fund—alternative investments	70,845,600	26,623,000	-	-	97,468,600
Absolute return hedge fund	-	-	-	111,527,600	111,527,600
Private equity	-	-	-	2,678,700	2,678,700
Private credit	-	-	-	9,249,400	9,249,400
	<u>\$ 374,782,400</u>	<u>\$ 75,800,200</u>	<u>\$ -</u>	<u>\$ 239,527,300</u>	<u>\$ 690,109,900</u>

#### Valuation Methodologies

##### **Cash and Short-Term Investments**

Certain cash balances and highly liquid short-term investments purchased with original maturities of three months or less have been designated to be part of the overall long-term investment portfolio strategy and as such are included as investments by the Academy. The carrying value of these investments approximates fair value because of their short maturity, and, therefore, have been categorized as Level I in the fair value hierarchy.

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#### ***Mutual Funds***

The Academy's mutual fund holdings include equity based funds, fixed income based funds, and alternative investment funds which are commonly known as 'absolute return' funds. Generally, the fair values of shares in mutual funds are based on inputs that are quoted prices in active markets for identical assets and, therefore, have been categorized in Level I in the fair value hierarchy. Certain investments held by the Academy, specifically certain investments in the 'alternative investments mutual fund' category include securities with market inputs that are observable using similar assets and as a result have been categorized as Level II in the fair value hierarchy.

#### ***Fixed Income Securities***

The fair values of fixed income securities are based on quoted prices in active markets for identical assets, if available, or evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level II.

#### ***Equity Securities***

The fair values of equity securities are based on quoted prices in active markets for identical assets, if available, or evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level I.

#### ***Private Fund - Equity Securities***

The fair values of private fund – equity investments are based upon NAV as reported by the investment manager. These funds are private funds, which are invested in equity securities and are actively managed to achieve the goal of outperforming a chosen benchmark.

#### ***Real Estate Investment Trusts (REITs)***

The fair values of real estate investment trusts are based on inputs that are quoted prices in active markets for identical assets and, therefore, have been categorized in Level I in the fair value hierarchy. All REITs held by the Academy are priced using active market exchanges.

#### ***Real Estate Alternative Investments***

Alternative real estate investments consist of investments in funds composed of direct investments in a pool of real estate properties. These funds are valued by investment managers on a periodic basis using pricing models that use independent appraisals from sources with professional qualifications and are based upon NAV as reported by the investment manager.

Property valuations and valuation-sensitive assumptions of each underlying asset are reviewed by the investment manager and values are adjusted if there has been a significant change in circumstances related to the underlying property since the last valuation. In addition, the investment manager may cause additional appraisals to be performed.

The investment manager estimates the fair value based on the most probable price in cash, or terms which can be expressed in cash equivalents, for which the alternative investments will sell in a competitive market under all conditions for a fair sale, with the buyer and seller each acting prudently, knowledgeably and for self-interest, and assuming that neither is under duress.

#### ***Absolute Return Hedge Fund***

The fair values of hedge fund investments are based upon NAV as reported by the investment manager. These funds are private funds, which are actively managed to achieve the goal of outperforming a chosen benchmark.

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***Private equity fund***

The fair values of these investments are based upon NAV as reported by the investment manager. Private equity fund investments consist of investments in funds composed of direct investments in a pool of businesses.

***Private credit fund***

The fair values of these investments are based upon NAV as reported by the investment manager. These funds are private funds, which are invested in debt securities and are actively managed.

**Investments Calculated at Net Asset Value**

As of June 30, 2024, the fair value measurements of investments calculated at NAV per share (or its equivalent), as well as the nature and risks of those instruments, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Absolute return hedge fund 1	\$ 5,434,300	None	Monthly	14 Days
Absolute return hedge fund 2	118,786,100	None	Quarterly	90 Days
Private fund–equity 1	26,219,300	None	Monthly	30 Days
Private fund–equity 2	35,430,900	None	Weekly	3 Days
Private fund–equity 3	30,016,700	None	Semi-monthly	6 Days
Private fund–equity 4	20,135,800	None	Monthly	5 Days
Private equity fund 1	3,216,400	2,115,200	Not applicable	Not applicable
Private equity fund 2	796,100	10,000,000	Not applicable	Not applicable
Private credit fund 1	7,140,500	303,500	Not applicable	Not applicable
Private credit fund 2	1,970,000	8,600,100	Not applicable	Not applicable
Private credit fund 3	169,000	4,810,000	Not applicable	Not applicable
Real estate alternative investments				
US Real Estate Investment 1	13,931,000	None	Quarterly	30 Days
US Real Estate Investment 2	2,398,600	None	Not applicable	Not applicable
US Real Estate Investment 3	5,720,000	489,900	Not applicable	Not applicable
US Real Estate Investment 4	720,000	5,280,000	Not applicable	Not applicable
	<u>\$ 272,084,700</u>			

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As of June 30, 2023, the fair value measurements of investments calculated at NAV per share (or its equivalent), as well as the nature and risks of those instruments, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Absolute return hedge fund 1	\$ 5,272,900	None	Monthly	14 Days
Absolute return hedge fund 2	106,254,700	None	Quarterly	90 Days
Private fund–equity 1	23,498,900	None	Monthly	30 Days
Private fund–equity 2	25,911,800	None	Weekly	3 Days
Private fund–equity 3	24,196,600	None	Semi-monthly	6 Days
Private fund–equity 4	18,262,300	None	Monthly	5 Days
Private equity fund	2,678,700	2,431,300	Not applicable	Not applicable
Private credit fund 1	8,034,900	402,500	Not applicable	Not applicable
Private credit fund 2	1,214,500	9,394,000	Not applicable	Not applicable
Real estate alternative investments				
US Real Estate Investment 1	16,350,300	None	Quarterly	30 Days
US Real Estate Investment 2	2,234,600	None	Not applicable	Not applicable
US Real Estate Investment 3	5,137,100	1,048,900	Not applicable	Not applicable
US Real Estate Investment 4	480,000	5,520,000	Not applicable	Not applicable
	<u>\$ 239,527,300</u>			

In the US Real Estate Investment Fund 2, proceeds will be distributed as the underlying portfolio investments are liquidated. Therefore, there is no redemption frequency or notification period applicable to this fund. The Fund has targeted a 4-year investment period followed by an 8-year harvest period, by which time the fund managers expect that all investments within the fund will be liquidated and the proceeds distributed to the limited partners. However, there are provisions to extend these periods if the fund managers deem it necessary.

**5. Pledges Receivable, Net**

Pledges receivable have been discounted using a range of discount rates between 0.11% to 4.32% for the years ended June 30, 2024 and 2023 and have the following schedule of collections:

	2024	2023
Less than 1 year	\$ 17,376,400	\$ 29,597,400
Greater than 1 year to 5 years	28,597,700	36,826,100
Greater than 5 years to 10 years	16,850,000	6,890,000
Greater than 10 years	<u>28,150,000</u>	<u>15,400,000</u>
	90,974,100	88,713,500
Less: Allowance for doubtful accounts	(500,900)	(425,300)
Less: Discount	<u>(17,294,200)</u>	<u>(10,369,200)</u>
	<u>\$ 73,179,000</u>	<u>\$ 77,919,000</u>

The Foundation has conditional promises to receive pledges for the Academy's museum based on donor specified milestones, which are not reflected in the consolidated financial statements, and totaled \$0 and \$10,250,000 at June 30, 2024 and 2023, respectively.

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**6. Property, Equipment and Building Improvements, Net**

Property, equipment and building improvements, net consist of the following at June 30:

	<b>2024</b>	<b>2023</b>
Land	\$ 21,117,000	\$ 21,117,000
Building	9,601,000	9,601,000
Building improvements	42,360,600	42,312,700
Leasehold improvements	472,916,700	472,878,200
Furniture, fixtures and equipment	140,057,500	140,381,700
Construction in progress	864,400	1,962,000
	<u>686,917,200</u>	<u>688,252,600</u>
Less: Accumulated depreciation	<u>(169,819,300)</u>	<u>(142,723,200)</u>
	<u>\$ 517,097,900</u>	<u>\$ 545,529,400</u>

**7. Leases**

The Academy leases property and equipment under non-cancellable agreements. The following table presents the components of right-of-use assets and liabilities related to leases and their classification as of June 30:

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Operating Leases (Right-of-Use Assets)	\$ 24,136,300	\$ 25,026,000
Financing Lease (Property, Equipment and Building Improvements)	14,495,100	15,012,700
	<u>\$ 38,631,400</u>	<u>\$ 40,038,700</u>
<b>Liabilities</b>		
Operating Leases	\$ 3,774,600	\$ 4,457,300
Financing Lease	-	-
	<u>\$ 3,774,600</u>	<u>\$ 4,457,300</u>

The Academy's operating leases are primarily for real estate, including the Academy Museum (discussed later in the Note) and storage facilities. Real estate lease agreements typically have initial terms of three to five years. Leases with an initial term of 12 months or less ("short-term leases") are not recorded in the consolidated statements of financial position unless the likelihood of renewal is apparent.

Real estate leases may include one or more options to renew, with renewals that can extend the lease term from five to ten years. The exercise of lease renewal options is at the Academy's sole discretion. In general, renewal options are not considered to be reasonably likely to be exercised, therefore, renewal options are generally not recognized as part of right-of-use assets and lease liabilities. The exception to this is the Academy Museum lease discussed below. The useful life of assets and leasehold improvements are limited by the expected lease term.

The Academy has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all asset classes.

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The following table presents certain information related to lease expense for right-of-use assets for the year ended June 30:

	2024	2023
<b>Assets</b>		
Operating Leases <sup>(1)</sup>	\$ 1,304,800	\$ 1,283,900
Financing Lease	-	-
	<u>\$ 1,304,800</u>	<u>\$ 1,283,900</u>

(1) Expenses are included in library, archive, and science and technology operations, museum operations, and general and administrative expenses on the consolidated statements of activities.

The following table presents supplemental cash flow information for the year ended June 30:

	2024	2023
<b>Cash paid for amounts included in lease liabilities</b>		
Operating Cash Flows for Operating Leases	\$ 1,227,500	\$ 1,203,200

Future maturities of lease liabilities at June 30, 2024 are presented in the following table:

2025	\$ 1,035,400
2026	1,043,900
2027	942,100
2028	638,300
2029	270,800
2030 and thereafter	-
Total lease payments	<u>3,930,500</u>
Less: Imputed interest	<u>(155,900)</u>
	<u>\$ 3,774,600</u>

At June 30, 2024 and 2023, the weighted average remaining lease term for operating leases is 88.3 and 85.6 years, respectively, and the weighted average discount rate is 1.34% and 1.31%, respectively.

#### Academy Museum Lease

On October 18, 2012, the Academy entered into a lease with Museum Associates for the facility, which houses the Academy Museum. The lease was amended in December 2013 to include an adjoining parcel of land. The base rent is \$36,108,000, plus interest, with a lease term of 55 years, which is renewable for another 55 years at no additional cost. Total base rental payments for the amended lease were payable on October 1, 2014 with interest calculated at 5% per year from the date the initial lease was signed. The Academy, at its own expense, improved the property to house the Academy Museum. Due to the significant construction component involved in the museum lease and the Academy's responsibility for all the costs of developing the site, the Academy is deemed the owner of the construction project in accordance with build-to-suit lease accounting guidance. Accordingly, at lease inception, management performed an analysis of the leased property and determined an allocation of lease value of \$14,800,000 and \$21,308,000 to the building and land, respectively, based on market values at lease inception excluding interest. The amount allocated to the building value is currently included in leasehold improvements and will be depreciated over 30 years. The amount allocated to the land is treated as an operating lease.

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As of June 30, 2024, the amount of the lease value allocated to leasehold improvements and right of use assets is \$14,495,100 and \$20,361,600, respectively. As of June 30, 2023, the amount of the lease value allocated to leasehold improvements and right of use assets is \$15,012,700 and \$20,568,700, respectively.

**8. Accrued Salaries and Benefits**

Accrued salaries and benefits comprises the following at June 30:

	<b>2024</b>	<b>2023</b>
Postretirement medical plan	\$ 1,283,200	\$ 1,373,400
Accrued pension benefits	7,913,400	10,774,900
Other accrued benefit expenses	1,093,300	1,048,700
Accrued salaries and vacation	3,842,500	3,363,400
Deferred compensation plan	55,100	71,800
	<u>\$ 14,187,500</u>	<u>\$ 16,632,200</u>

**9. Deferred Income**

Deferred income comprises the following at June 30:

	<b>2024</b>	<b>2023</b>
Academy Awards	\$ 8,333,400	\$ 10,416,700
Membership dues	163,200	195,800
Events	4,602,000	1,325,000
	<u>\$ 13,098,600</u>	<u>\$ 11,937,500</u>

During the years ended June 30, 2024 and 2023, \$2,083,300 was annually recognized into revenue for the Academy Awards.

**10. Debt**

Debt comprises the following at June 30:

	<b>2024</b>	<b>2023</b>
Museum bonds	\$ 381,075,000	\$ 398,475,000
Bond premium, net	52,702,700	57,624,000
	433,777,700	456,099,000
Less: Unamortized debt issuance costs	(3,238,300)	(3,559,800)
	<u>\$ 430,539,400</u>	<u>\$ 452,539,200</u>

**Museum Bonds**

On October 22, 2015, the California I-Bank issued two series of Revenue Bonds with a par value of \$340,960,000. The purpose of issuance was to (i) finance the Academy Museum (\$288,097,500);



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(ii) repay the Vine Street bonds (\$35,000,000); (iii) repay a promissory note (\$28,000,000); (iv) terminate the existing derivative instrument (\$5,723,000) and (iv) fund a portion of the bond issuance costs (\$2,704,900). The first series issued, Series 2015A, were fixed rate bonds with a par value of \$212,960,000. The series generated a premium of \$18,565,400. The Series A were issued in a variety of tranches with a portion maturing each year beginning on November 1, 2020. The final tranche matures on November 1, 2045. The rates range from 2 to 5% with an average coupon of 4.24%. Taking into account the bond premium, the effective interest rate is 4.14%. The second series issued, Series 2015B, were variable rate bonds with a par value of \$128,000,000. The interest rate adjusted weekly and was calculated at 70% of LIBOR plus a spread of 0.95%. Series 2015B bonds were repaid in July 2020 with the issuance of additional bonds discussed below. A portion of the Series 2015A were repaid in September 2023 with the issuance of additional bonds discussed below.

On March 10, 2020, the California I-Bank issued a series of Revenue Bonds with a par value of \$100,000,000 (Series 2020A). The series generated an issue premium of \$38,578,000. These bonds bear interest at 5% and mature on November 1, 2030. Taking into account the bond premium, the effective interest rate is 1.14%. The bonds were issued to finance a portion of the costs of construction, renovation, retrofitting and equipping of the Academy Museum of Motion Pictures, including reimbursement of various capital expenditures previously incurred relating to the museum.

On July 8, 2020, the California I-Bank issued a series of Revenue Bonds with a par value of \$98,800,000 (Series 2020B). The series generated an issue premium of \$30,372,100. These bonds bear interest at 5% and mature on November 1, 2029. Taking into account the bond premium, the effective interest rate is 1.38%. The bonds were issued to (i) refund all of the principal amount of the outstanding Series 2015B bonds and (ii) pay costs of issuance of the bonds.

On September 7, 2023, the California I-Bank issued a series of Revenue Bonds with a par value of \$126,665,000 (Series 2023A). The series generated an issue premium of \$13,446,900. These bonds bear interest at 5%. The bonds were issued in a variety of tranches with a portion maturing each year beginning on November 1, 2025. The final tranche matures on November 1, 2041. Taking into account the bond premium, the effective interest rate is 3.77%. The bonds were issued to (i) refund \$139,195,000 of the principal amount of the outstanding Series 2015A bonds and (ii) pay costs of issuance of the bonds. The refunding of the Series 2015A bonds resulted in a gain on extinguishment of debt of \$8,721,400 due to the release of unamortized premium of \$9,996,800 offset by the write-off of bond issuance costs totaling \$1,275,400.

The four series of bonds are collateralized by the revenue of the Academy. The bond agreements include certain nonfinancial covenants, primarily pertaining to continuing disclosure requirements, which the Academy was in compliance with at June 30, 2024.

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Aggregate principal payments are summarized in the following amortization schedule:

2025	\$ 4,610,000
2026	4,845,000
2027	5,090,000
2028	5,345,000
2029	5,615,000
2030 and thereafter	<u>355,570,000</u>
	<u>\$ 381,075,000</u>

**Fixed Rate Bond Premium**

Fixed rate bond premium consists of the following at June 30:

	<b>2024</b>	<b>2023</b>
Bond premium	\$ 82,397,100	\$ 87,515,500
Less: Accumulated amortization	<u>(29,694,400)</u>	<u>(29,891,500)</u>
	<u>\$ 52,702,700</u>	<u>\$ 57,624,000</u>

**Debt Issuance Costs**

Debt issuance costs consist of the following at June 30:

	<b>2024</b>	<b>2023</b>
Bond issuance costs	\$ 4,596,600	\$ 7,238,500
Less: Accumulated amortization	<u>(1,358,300)</u>	<u>(3,678,700)</u>
	<u>\$ 3,238,300</u>	<u>\$ 3,559,800</u>

Estimated future annual amortization expense associated with the above bond issuance costs is summarized in the following amortization schedule:

2025	\$ 396,500
2026	391,900
2027	386,900
2028	382,300
2029	377,100
2030 and thereafter	<u>1,303,600</u>
	<u>\$ 3,238,300</u>

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**Interest Expenditure**

Interest expenditure consists of the following for the years ended June 30:

	<b>2024</b>	<b>2023</b>
Bond and debt interest expense	\$ 18,233,500	\$ 19,308,900
Amortization of bond premium	(8,371,500)	(7,884,900)
Amortization of bond and debt issuance costs	<u>406,600</u>	<u>389,700</u>
	<u>\$ 10,268,600</u>	<u>\$ 11,813,700</u>

**11. Endowment Funds**

The Academy's endowment consists of individual donor-restricted endowment funds and funds designated for the endowment by the Board. The net assets associated with endowment funds, including funds designated by the Board to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted UPMIFA as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Academy classifies as net assets with donor restrictions the original value of gifts donated to the perpetual endowment, the original value of subsequent gifts to the perpetual endowment, and accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in the perpetual endowment is classified as time restricted net assets within donor restricted net assets, until those amounts are appropriated for expenditure by the Academy in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Academy considers the following factors in making a determination to appropriate or accumulate endowment funds:

- Duration and preservation of the fund
- Purpose of the board-designated and donor-restricted endowment fund
- General economic conditions
- Potential effects of inflation and deflation
- Expected total return and appreciation of investments
- Other resources and investment policies of the Academy

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The composition of the endowment funds consists of the following at June 30, 2024 and 2023:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>At June 30, 2024</b>			
Donor–restricted funds	\$ -	\$ 25,963,200	\$ 25,963,200
Board–designated funds	<u>46,256,300</u>	<u>-</u>	<u>46,256,300</u>
Total endowment funds	<u>\$ 46,256,300</u>	<u>\$ 25,963,200</u>	<u>\$ 72,219,500</u>
<b>At June 30, 2023</b>			
Donor–restricted funds	\$ -	\$ 24,747,300	\$ 24,747,300
Board–designated funds	<u>42,823,600</u>	<u>-</u>	<u>42,823,600</u>
Total endowment funds	<u>\$ 42,823,600</u>	<u>\$ 24,747,300</u>	<u>\$ 67,570,900</u>

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
<b>Endowment net assets at June 30, 2022</b>	\$ 41,292,500	\$ 24,003,700
Investment income, net	-	-
Net appreciation of investments	2,239,900	860,300
Contributions	-	100,000
Uses of net assets	<u>(708,800)</u>	<u>(216,700)</u>
<b>Endowment net assets at June 30, 2023</b>	42,823,600	24,747,300
Investment income, net	-	-
Net appreciation of investments	4,106,700	1,914,200
Contributions	1,000,000	100,000
Uses of net assets	<u>(1,674,000)</u>	<u>(798,300)</u>
<b>Endowment net assets at June 30, 2024</b>	<u>\$ 46,256,300</u>	<u>\$ 25,963,200</u>

The portion of net assets with donor restrictions that is required to be retained in perpetuity either by explicit donor stipulation or by UPMIFA at June 30, 2024 and 2023 consists of the following:

	<b>2024</b>	<b>2023</b>
Restricted for Fairbanks Center	\$ 12,875,100	\$ 12,875,100
Restricted for Nicholl Fellowship Program	5,624,000	5,624,000
Restricted for Museum Education Programs	<u>5,300,000</u>	<u>5,200,000</u>
Total endowment net assets classified as perpetual in nature	<u>\$ 23,799,100</u>	<u>\$ 23,699,100</u>

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The portion of net assets with donor restrictions endowment funds that is required to be retained temporarily either by explicit donor stipulation or by UPMIFA at June 30, 2024 and 2023 consists of the following:

	2024	2023
Restricted for Fairbanks Center	\$ 1,273,100	\$ 698,300
Restricted for Nicholl Fellowship Program	314,500	-
Restricted for Museum Education Programs	576,500	349,900

The Academy has adopted endowment investment and spending policies that attempt to preserve the endowment's assets. Under this policy, assets are expected to earn long-term returns sufficient to keep pace with the rate of inflation over most market cycles. Actual returns in any given year may vary from this amount.

To achieve its long-term rate of return objectives, the Academy targets a diversified asset allocation in order to provide opportunities for long-term growth and reduce the potential for large losses that could occur from holding concentrated positions.

The Board of Governors of the Academy determines the method to be used to appropriate endowment funds for expenditure. The Board has determined a spending policy to distribute no more than 4% of the endowment balance as of a specified time. Annually, the Board determines the amount to be spent in accordance with any donor-imposed restrictions. Accordingly, over the long term, the Academy expects the current spending policy to allow for slow growth of the endowment.

The fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of net assets with donor restrictions. The Academy recorded no deficit for the year ended June 30, 2024 and a deficit of \$191,300 for the year ended June 30, 2023. As of June 30, 2023, the fair value of underwater endowment funds was \$5,432,700 and the original endowment gift was \$5,624,000.

## 12. Pension and Other Post-Retirement Benefit Plans

The Academy maintains an insured noncontributory defined benefit plan covering all non-union full-time employees over 21 years of age who have completed one year of service. Pension benefits under the plan are based on years of credited service and salary levels. The Academy annually contributes amounts to the plan. Such amounts are actuarially determined to provide the plan with sufficient assets to meet future benefit payment requirements. The plan's assets are invested in a variety of mutual funds. In June 2012, the Academy approved changes to the plan, which became effective July 1, 2013. Under these changes, plan benefits accrue under a cash balance plan for all employees under the age of 55 at the effective date. The actuarial lump sum of each participant's accrued benefit at the effective date is the opening cash balance amount. Beginning July 1, 2013, participant's accounts will be allocated a percentage of their salary as an annual contribution and receive an interest credit based on the performance of the plan's investments. For employees age 55 and over at the effective date, the prior plan provisions were not altered by the amendment.

The Academy maintains a defined contribution plan covering all non-union employees over 21 years of age. Each calendar year, participants may contribute up to the maximum tax-deferred

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contribution allowed by federal law. Participants who have attained age 50 before the end of the calendar year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Each plan year, the Academy may make an additional discretionary matching contribution. Such additional contribution by the Academy to the plan will be allocated to each participant in the ratio of the participant's compensation from the Academy for the plan year to the aggregate of such compensation for all eligible employees. During the years ended June 30, 2024 and 2023, the Academy did not elect to make the discretionary contribution. In addition, the plan has a "qualified automatic contribution arrangement ("QACA")." A QACA is a plan design where the Academy commits to making a certain contribution. The required contribution is a safe harbor matching contribution equal to 100% of the employee's salary deferrals up to 1% of compensation plus 50% of salary deferrals between 1% and 6% of compensation. The commitment to make the contribution enables the Academy to simplify the administration of the plan by ensuring that nondiscrimination regulations are met. The matching contribution is made during the first quarter of the next calendar year. During the years ended June 30, 2024 and 2023, the Academy has made QACA contributions totaling \$1,224,300 and \$1,372,700, respectively.

The Academy also sponsors a postretirement health care plan that includes medical, dental and vision benefits. The benefits are available to all employees who were at least age 55 as of January 1, 2013, who retire on or after age 65 with a minimum of 20 years of service ("Benefit Qualifications"). Eligible spouses are also covered. The benefits are fully insured health care benefits. Participants are required to contribute 25% of the cost of the coverage (50% for employees who were not at least age 60, or already retired, as of January 1, 2013). The Academy funds the plan on a pay-as-you-go basis, so there are no plan assets.

The Academy uses a June 30 measurement date for its plans.

Obligations, funded status and net periodic benefit costs are as follows at June 30:

	Pension Benefits		Postretirement Health Plan	
	2024	2023	2024	2023
Employer's contribution	\$ 4,000,000	\$ 4,000,000	\$ 78,800	\$ 78,600
Plan participants' contributions	-	-	19,100	19,800
Benefit payments	2,292,900	5,245,700	97,900	98,400
Funded status	(7,913,400)	(10,774,900)	(1,283,200)	(1,373,400)
Accrued benefit cost	(7,913,400)	(10,774,900)	(1,283,200)	(1,373,400)
Net periodic benefit costs/(income)	2,244,200	3,307,800	(54,400)	(2,000)
Accumulated plan benefit obligation	42,993,200	41,198,100	-	-
Fair value of plan assets	35,905,500	31,035,700	-	-
Projected plan benefit obligation	43,818,900	41,810,600	1,283,200	1,373,400
Unrecognized prior service benefit	-	350,300	-	-
Unrecognized net actuarial loss (gain)	8,444,700	9,900,700	(1,797,800)	(1,840,700)

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The following is a reconciliation of the beginning and ending balances of the benefit obligation:

	<b>Pension Benefits</b>		<b>Postretirement Health Plan</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Benefit obligation at end of prior year</b>	\$ 41,810,600	\$ 44,974,900	\$ 1,373,400	\$ 1,818,200
Service cost	2,179,900	2,066,100	-	-
Interest cost	2,156,000	2,081,500	72,300	88,100
Plan participants' contributions	-	-	19,100	19,800
Amendments	-	-	-	-
Actuarial gain	(34,700)	(2,066,200)	(83,700)	(454,300)
Benefit payments	(2,292,900)	(5,245,700)	(97,900)	(98,400)
<b>Benefit obligation at end of year</b>	<b>\$ 43,818,900</b>	<b>\$ 41,810,600</b>	<b>\$ 1,283,200</b>	<b>\$ 1,373,400</b>

In 2024, the gain in the benefit obligation for the pension plan was primarily due to actual return on investments, changes to lump sum conversion assumptions, and the change in the discount rate. The gain in the benefit obligation for the postretirement health plan was primarily due to changes in the discount rate and census changes and other plan experience. In 2023, the gain in the benefit obligation for the pension plan was primarily due to the changes in the discount rate and the lump sum conversion assumptions reduced by census changes and other plan experiences. The gain in the benefit obligation for the postretirement health plan was primarily due to changes in the discount rate, updates to per capita cost assumptions, and census changes and other plan experience.

The following is a reconciliation of the beginning and ending balances of the fair value of plan assets:

	<b>Pension Benefits</b>		<b>Postretirement Health Plan</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Value of assets at end of prior year</b>	\$ 31,035,700	\$ 30,800,200	\$ -	\$ -
Actual return on plan assets	3,162,700	1,481,200	-	-
Employer contributions	4,000,000	4,000,000	78,800	78,600
Plan participants' contributions	-	-	19,100	19,800
Benefit payments	(2,292,900)	(5,245,700)	(97,900)	(98,400)
Expenses	-	-	-	-
<b>Value of plan assets at end of year</b>	<b>\$ 35,905,500</b>	<b>\$ 31,035,700</b>	<b>\$ -</b>	<b>\$ -</b>

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The following is the amount of net benefit cost recognized each year:

	<b>Pension Benefits</b>		<b>Postretirement Health Plan</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Service cost	\$ 2,179,900	\$ 2,066,100	\$ -	\$ -
Interest cost	2,156,000	2,081,500	72,200	88,100
Expected return on plan assets	(2,200,200)	(2,059,600)	-	-
Recognition of prior service cost	(350,300)	(467,100)	-	-
Recognition of net loss (gain)	458,800	670,500	(126,600)	(90,100)
Net loss recognized due to settlement	-	1,016,400	-	-
Total net benefit cost	<u>\$ 2,244,200</u>	<u>\$ 3,307,800</u>	<u>\$ (54,400)</u>	<u>\$ (2,000)</u>

When total lump sum distributions exceed the total of service cost and interest cost, the Academy is required to implement settlement accounting which accelerates the recognition of the net gain or loss that would have deferred to future years.

Amounts recognized in the consolidated statements of financial position are as follows at June 30:

	<b>Pension Benefits</b>		<b>Postretirement Health Plan</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Accrued salaries and benefits	\$ (7,913,400)	\$ (10,774,900)	\$ (1,283,200)	\$ (1,373,400)

Weighted-average assumptions used to determine benefit obligations are as follows at June 30:

	<b>Pension Benefits</b>		<b>Postretirement Health Plan</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Discount rate	5.55 %	5.40 %	5.55 %	5.45 %
Cash balance interest crediting rate	6.50	6.50	NA	NA
Rate of compensation increase	3.00	3.00	NA	NA



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Weighted-average assumptions used to determine net periodic benefit cost are as follows for the years ended June 30:

	<b>Pension Benefits</b>		<b>Postretirement Health Plan</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Discount rate	5.40 %	4.90 %	5.45 %	5.00 %
Expected long-term return on plan assets	7.00	7.00	NA	NA
Cash balance interest crediting rate	6.50	6.50	NA	NA
Rate of compensation increase	3.00	3.00	NA	NA

The Academy determines the discount rate assumption based on a cash flow analysis for the plans. In this analysis, the plans' projected cash flows (on a Projected Benefit Obligation and Accumulated Pension Benefit Obligation basis) are discounted back to the measurement date using spot rates from a yield curve of high-quality fixed-income corporate bond rates, resulting in a present value of the cash flows. A single discount rate is then determined which would yield the same present value. For this purpose, the Ryan Above-Median yield curve is used.

Assumed health care costs trend rates are as follows at June 30:

	<b>2024</b>	<b>2023</b>
Health care cost trend rate assumed for next year	5.75 %	6.00 %
Ultimate trend rate	4.00 %	4.00 %
Year that the rates reach the ultimate trend rate	7	8

The Academy expects to contribute \$4,000,000 to its pension plan and \$97,000 to its postretirement health plan in 2025.

Amounts recognized as a change in net assets without donor restrictions arising from a defined benefit plan (or a postretirement benefit plan) but not yet reclassified as components of net periodic pension cost (or net periodic postretirement benefit cost):

	<b>Pension Benefits</b>		<b>Postretirement Health Plan</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Prior service cost	\$ -	\$ (350,300)	\$ -	\$ -
Net loss	<u>8,444,700</u>	<u>9,900,700</u>	<u>(1,797,800)</u>	<u>(1,840,700)</u>
	<u>\$ 8,444,700</u>	<u>\$ 9,550,400</u>	<u>\$ (1,797,800)</u>	<u>\$ (1,840,700)</u>

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Other changes in plan assets and benefit obligations included in the change in the reduction to net assets without donor restrictions at June 30:

	<b>Pension Benefits</b>		<b>Postretirement Health Plan</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net (gain) loss	\$ (997,200)	\$ (1,487,700)	\$ (83,700)	\$ (454,300)
Amortization of net (gain) loss	(458,800)	(670,500)	126,600	90,200
Net loss due to settlement accounting	-	(1,016,400)	-	-
Prior service credit	-	-	-	-
Amortization of prior service costs	350,300	467,100	-	-
	<u>\$ (1,105,700)</u>	<u>\$ (2,707,500)</u>	<u>\$ 42,900</u>	<u>\$ (364,100)</u>

The Academy expects to remit the following benefit payments, which reflect expected future service:

	<b>Pension Benefits</b>	<b>Postretirement Health Plan</b>
2025	\$ 5,421,000	\$ 97,000
2026	6,988,000	102,000
2027	3,244,000	105,000
2028	3,533,000	107,000
2029	3,375,000	108,000
2030-2034	18,053,000	539,000

**Pension Plan Assets**

The Board has established an investment policy for pension plan assets and has delegated oversight of such assets to an investment committee. The investment policy sets forth the objective of providing for future pension benefits by targeting returns consistent with a stated level of risk. The primary objectives of the Plan's investment strategy include capital appreciation, consistency of investment returns, and preservation of capital. Plan assets are invested in equities, fixed income assets, real estate securities, and alternative investments. Target and actual allocations of major pension plan assets are as follows for the years ended June 30:

	<b>Target Allocation</b>		<b>Actual Allocation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Equity assets	35.0 %	35.0 %	36.4 %	33.3 %
Fixed income assets	20.0	20.0	16.0	12.6
Alternative investment assets	40.0	40.0	38.6	41.4
Real estate assets	5.0	5.0	5.8	7.5
Cash and short-term investments	0.0	0.0	3.2	5.2

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#### Fair Value of Pension Plan Assets

The following table sets forth the fair value of the Academy's pension plan assets, by asset type, at June 30, 2024:

	Assets				Total
	Level I	Level II	Level III	NAV	
Cash and short-term investments	\$ 1,134,200	\$ -	\$ -	\$ -	\$ 1,134,200
Fixed income					
Mutual fund - fixed income	5,757,000	-	-	-	5,757,000
Equity					
Mutual fund - equity	11,379,000	-	-	-	11,379,000
Private fund - equity	-	-	-	1,708,600	1,708,600
Real estate					
Real estate alternative investments	-	-	-	2,066,000	2,066,000
Alternative investments					
Mutual fund - alternative investments	3,998,600	2,106,700	-	-	6,105,300
Absolute return hedge fund	-	-	-	7,240,400	7,240,400
Private credit	-	-	-	515,000	515,000
	<u>\$ 22,268,800</u>	<u>\$ 2,106,700</u>	<u>\$ -</u>	<u>\$ 11,530,000</u>	<u>\$ 35,905,500</u>

The following table sets forth the fair value of the Academy's pension plan assets, by asset type, at June 30, 2023:

	Assets				Total
	Level I	Level II	Level III	NAV	
Cash and short-term investments	\$ 1,601,700	\$ -	\$ -	\$ -	\$ 1,601,700
Fixed income					
Mutual fund - fixed income	3,900,800	-	-	-	3,900,800
Equity					
Mutual fund - equity	9,032,900	-	-	-	9,032,900
Private fund - equity	-	-	-	1,315,100	1,315,100
Real estate					
Real estate alternative investments	-	-	-	2,327,900	2,327,900
Alternative investments					
Mutual fund - alternative investments	4,049,900	1,841,700	-	-	5,891,600
Absolute return hedge fund	-	-	-	6,506,600	6,506,600
Private credit	-	-	-	459,100	459,100
	<u>\$ 18,585,300</u>	<u>\$ 1,841,700</u>	<u>\$ -</u>	<u>\$ 10,608,700</u>	<u>\$ 31,035,700</u>

For a description of the fair value hierarchy and for an explanation of the valuation methodologies used to determine fair value of the assets of the pension plan, refer to Note 4, fair value measurements.

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**Investments Calculated at Net Asset Value**

As of June 30, 2024, the fair value measurements of investments calculated at net asset value per share (or its equivalent), as well as the nature and risks of those instruments, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Absolute return hedge fund 1	\$ 375,100	None	Monthly	14 Days
Absolute return hedge fund 2	6,865,300	None	Quarterly	90 Days
Private fund - equity	1,708,600	None	Monthly	30 Days
Real estate fund 1	1,733,200	None	Quarterly	45 Days
Real estate fund 2	332,800	28,600	Not applicable	Not applicable
Private credit fund 1	408,000	18,500	Not applicable	Not applicable
Private credit fund 2	98,500	430,000	Not applicable	Not applicable
Private credit fund 3	8,500	240,500	Not applicable	Not applicable
	<u>\$ 11,530,000</u>			

As of June 30, 2023, the fair value measurements of investments calculated at net asset value per share (or its equivalent), as well as the nature and risks of those instruments, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Absolute return hedge fund 1	\$ 365,500	None	Monthly	14 Days
Absolute return hedge fund 2	6,141,100	None	Quarterly	90 Days
Private fund - equity	1,315,100	None	Monthly	30 Days
Real estate fund 1	2,038,100	None	Quarterly	45 Days
Real estate fund 2	289,800	61,200	Not applicable	Not applicable
Private credit fund 1	459,100	23,000	Not applicable	Not applicable
	<u>\$ 10,608,700</u>			

There have been no transfers into or out of Level III investments in 2024 and 2023.

**Long-Term Rate of Return**

The expected long-term rate of return on assets assumption is 7.0%. This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligations. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio.

**Academy of Motion Picture Arts and Sciences and its affiliates**  
**Notes to Consolidated Financial Statements**  
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**13. Net Assets**

Net assets comprise the following at June 30:

	<b>2024</b>	<b>2023</b>
<b>With donor restrictions</b>		
Perpetual in nature		
Fairbanks Center Endowment	\$ 12,875,100	\$ 12,875,100
Nicholl fellowship program	5,624,000	5,624,000
Museum education programs	5,951,500	5,935,700
Purpose restricted		
Other education and restoration projects	19,594,100	12,650,900
Time related		
Fairbanks Center Endowment	1,273,100	698,300
Nicholl fellowship program	314,500	-
Museum education programs	576,500	349,900
	<u>\$ 46,208,800</u>	<u>\$ 38,133,900</u>
<b>Without donor restrictions</b>		
Board designated		
Fairbanks Center Endowment	\$ 45,166,400	\$ 42,823,600
Nicholl fellowship program	1,089,900	-
Academy Museum	22,719,600	21,791,900
Undesignated	805,442,200	753,978,100
	<u>\$ 874,418,100</u>	<u>\$ 818,593,600</u>

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**14. Natural Classification of Expenses**

The following presents the natural classifications of expenses by program and support area for the years ended June 30, 2024 and June 30, 2023 and reflects the allocation of depreciation, information technology, and interest. Depreciation and information technology are allocated based on estimated usage. Interest expense on external debt is allocated to the programs which benefited from the proceeds of external debt. Capitalized interest expense is not included.

For the year ended June 30, 2024:

	Academy Awards and related activities	Membership, theater, and other operations	Library, Archive, and Science and Technology operations	Museum operations	Public outreach programs	Fundraising	General and administrative expenses	Total
Salaries	\$ 14,129,300	\$ 4,826,700	\$ 10,851,900	\$ 21,889,700	\$ 2,777,200	\$ 1,931,400	\$ 7,988,100	\$ 64,394,300
Benefits	2,739,200	1,491,900	3,585,800	7,035,900	862,200	480,300	2,313,600	18,508,900
Grants to third parties	-	-	-	-	372,000	-	494,800	866,800
Program expenses	36,784,400	2,234,200	4,506,800	20,265,700	1,121,500	5,538,200	9,767,200	80,218,000
Information technology	4,070,200	753,500	1,345,400	1,692,400	470,400	177,300	1,678,000	10,187,200
Depreciation	483,900	870,300	3,286,000	29,104,800	195,800	52,000	1,674,400	35,667,200
Interest expense	-	-	1,048,400	9,220,200	-	-	-	10,268,600
	<u>\$ 58,207,000</u>	<u>\$ 10,176,600</u>	<u>\$ 24,624,300</u>	<u>\$ 89,208,700</u>	<u>\$ 5,799,100</u>	<u>\$ 8,179,200</u>	<u>\$ 23,916,100</u>	<u>\$ 220,111,000</u>

For the year ended June 30, 2023:

	Academy Awards and related activities	Membership, theater, and other operations	Library, Archive, and Science and Technology operations	Museum operations	Public outreach programs	Fundraising	General and administrative expenses	Total
Salaries	\$ 13,827,000	\$ 4,614,700	\$ 10,766,300	\$ 20,347,600	\$ 2,588,800	\$ 1,814,100	\$ 8,051,700	\$ 62,010,200
Benefits	2,027,700	1,390,600	4,550,000	5,896,500	1,003,100	408,700	2,251,900	17,528,500
Grants to third parties	-	-	-	-	455,000	-	-	455,000
Program expenses	36,468,600	1,834,800	4,565,400	23,405,700	1,258,600	4,247,600	8,071,500	79,852,200
Information technology	4,376,000	748,300	1,529,900	1,338,500	223,600	109,100	1,181,500	9,506,900
Depreciation	225,800	779,300	3,328,700	29,727,200	161,100	37,700	2,406,200	36,666,000
Interest expense	-	-	1,306,700	10,507,000	-	-	-	11,813,700
	<u>\$ 56,925,100</u>	<u>\$ 9,367,700</u>	<u>\$ 26,047,000</u>	<u>\$ 91,222,500</u>	<u>\$ 5,690,200</u>	<u>\$ 6,617,200</u>	<u>\$ 21,962,800</u>	<u>\$ 217,832,500</u>

# **Academy of Motion Picture Arts and Sciences and its affiliates**

## **Notes to Consolidated Financial Statements**

### **June 30, 2024 and 2023**

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#### **15. Commitments and Contingencies**

In the normal course of business, the Academy may enter into contracts or agreements, from time to time, with vendors that commit the Academy to specific or contingent liabilities. As of June 30, 2024 and 2023, there were no long-term obligations with vendors that management considered significant.

The Academy is involved in various legal matters arising in the ordinary course of business. The Academy's management believes that the outcome of these legal matters will not have a significant effect on the Academy's consolidated financial statements.

#### **16. Subsequent Events**

The Academy has evaluated subsequent events through November 20, 2024, which is the date of issuance of these financial statements.