THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES

Consolidated Financial Statements

June 30, 2026 and 2025

(With Independent Auditors' Report Thereon)

THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Buffalo Fine Arts Academy and Affiliates
Buffalo, New York:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Buffalo Fine Arts Academy and Affiliates (a non-profit organization) (the Academy), which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Buffalo Fine Arts Academy and Affiliates as of June 30, 2026 and 2025, and the changes in their net assets and their 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 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 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 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 within one year after the date that the consolidated financial statements are available to be 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 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 21, 2026

THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES
Consolidated Statements of Financial Position
June 30, 2026 and 2025

Assets	2026	2025
Assets:		
Cash	$ 202,350	720,265
Accounts receivable, net of allowance for uncollectible accounts of $9,000 in 2026 and 2025	999,062	1,513,331
Prepaids	1,148,159	787,670
Contributions receivable, net of allowance for uncollectible accounts of $524,807 in 2026 and $474,807 in 2025	218,749	964,441
Merchandise inventory	345,919	532,133
Property and equipment, net	173,237,671	180,538,637
Beneficial interest in trust	80,021	98,278
Investments	187,766,238	169,767,832
Total assets	$ 363,998,169	354,922,587
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	1,565,108	1,599,143
Deferred revenue	562,405	237,494
Line of credit	3,100,000	3,000,000
Mortgages and notes payable	3,973,699	5,455,596
Total liabilities	9,201,212	10,292,233
Net assets:		
Without donor restrictions	6,289,076	7,019,734
With donor restrictions	348,507,881	337,610,620
Total net assets	354,796,957	344,630,354
Total liabilities and net assets	$ 363,998,169	354,922,587

See accompanying notes to consolidated financial statements.

THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES
Consolidated Statement of Activities
Year ended June 30, 2026

	Without donor restrictions	With donor restrictions	Total
Operating activities:			
Support and revenue:			
Gifts and grants:			
Government grants	$ -	774,500	774,500
Corporate and foundation support	-	2,911,967	2,911,967
Contributions of nonfinancial assets - gifts-in-kind	-	275,180	275,180
Annual giving	1,026,378	-	1,026,378
All other gifts and grants	712,033	-	712,033
Total gifts and grants	1,738,411	3,961,647	5,700,058
Exhibitions	362,019	-	362,019
Memberships	1,136,109	-	1,136,109
Investment income and gains in accordance with spending policy	4,425,837	-	4,425,837
Education and other related programs	2,115,196	-	2,115,196
Revenue from auxiliary services	3,310,077	-	3,310,077
Net assets released from restrictions	3,381,232	(3,381,232)	-
Total support and revenue	16,468,881	580,415	17,049,296
Expenses:			
Program services	6,885,586	-	6,885,586
Supporting services:			
Management	12,877,572	-	12,877,572
Fundraising	3,038,114	-	3,038,114
Auxiliary services	2,082,187	-	2,082,187
Total expenses	24,883,459	-	24,883,459
Change in net asset from operating activities	(8,414,578)	580,415	(7,834,163)
Non-operating activities:			
Investment income, net	719,300	15,422,043	16,141,343
Restricted contributions	-	11,285,243	11,285,243
Change in beneficial interest in trust	-	8,638	8,638
Investment income and gains allocated under spending policy to general operations	(4,425,837)	-	(4,425,837)
Acquisition, preservation and conservation of works of art	(4,988,852)	-	(4,988,852)
Net change in obligations under trust agreements	(19,769)	-	(19,769)
Net assets released from restrictions	16,399,078	(16,399,078)	-
Total non-operating activities	7,683,920	10,316,846	18,000,766
Change in net assets	(730,658)	10,897,261	10,166,603
Net assets at beginning of year	7,019,734	337,610,620	344,630,354
Net assets at end of year	$ 6,289,076	348,507,881	354,796,957

See accompanying notes to consolidated financial statements.

THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES
Consolidated Statement of Activities
Year ended June 30, 2025

	Without donor restrictions	With donor restrictions	Total
Operating activities:			
Support and revenue:			
Gifts and grants:			
Government grants	$ -	1,005,000	1,005,000
Corporate and foundation support	-	3,164,912	3,164,912
Contributions of nonfinancial assets - gifts-in-kind	-	250,724	250,724
Annual giving	970,724	-	970,724
All other gifts and grants	1,174,648	-	1,174,648
Total gifts and grants	2,145,372	4,420,636	6,566,008
Exhibitions	825,978	-	825,978
Memberships	1,010,430	-	1,010,430
Investment income and gains in accordance with spending policy	4,183,380	-	4,183,380
Education and other related programs	1,565,835	-	1,565,835
Revenue from auxiliary services	3,109,608	-	3,109,608
Net assets released from restrictions	3,696,839	(3,696,839)	-
Total support and revenue	16,537,442	723,797	17,261,239
Expenses:			
Program services	7,197,455	-	7,197,455
Supporting services:			
Management	12,581,924	-	12,581,924
Fundraising	3,258,197	-	3,258,197
Auxiliary services	2,012,929	-	2,012,929
Total expenses	25,050,505	-	25,050,505
Change in net asset from operating activities	(8,513,063)	723,797	(7,789,266)
Non-operating activities:			
Investment income, net	1,020,412	18,099,967	19,120,379
Restricted contributions	-	1,242,261	1,242,261
Change in beneficial interest in trust	-	10,894	10,894
Investment income and gains allocated under spending policy to general operations	(4,183,380)	-	(4,183,380)
Acquisition, preservation and conservation of works of art	(5,012,374)	-	(5,012,374)
Net change in obligations under trust agreements	(20,090)	-	(20,090)
Net assets released from restrictions	15,942,284	(15,942,284)	-
Total non-operating activities	7,746,852	3,410,838	11,157,690
Change in net assets	(766,211)	4,134,635	3,368,424
Net assets at beginning of year	7,785,945	333,475,985	341,261,930
Net assets at end of year	$ 7,019,734	337,610,620	344,630,354

See accompanying notes to consolidated financial statements.

THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES
Consolidated Statement of Functional Expenses
Year ended June 30, 2026

	Program Services				Supporting Services			Auxiliary Services			Total Functional
	Exhibitions	Education	Other	Total	Management	Fundraising	Total	ShopAK	AKCafe	Total	Expenses
Salaries and benefits	$ 1,995,005	682,592	173,809	2,851,406	5,960,783	1,094,184	7,054,967	224,222	589,987	814,209	10,720,582
Advertising and promotion	-	-	-	-	299,750	1,866	301,616	-	-	-	301,616
Books and periodicals	115	44	144	303	3,704	-	3,704	-	-	-	4,007
Conservation	21,625	-	-	21,625	-	-	-	-	-	-	21,625
Equipment purchases	186	4,577	65	4,828	9,358	-	9,358	1,237	1,420	2,657	16,843
Film rentals	-	1,388	-	1,388	-	-	-	-	-	-	1,388
Gifts	9,629	614	5,027	15,270	16,284	14,352	30,636	690	61	751	46,657
Honoraria	34,594	95,990	6,400	136,984	5,600	35,051	40,651	-	-	-	177,635
Installation	106,207	-	-	106,207	-	-	-	-	-	-	106,207
Insurance	12,124	-	-	12,124	209,833	2,557	212,390	-	-	-	224,514
Licenses, dues, subscriptions and fees	2,871	3,784	-	6,655	35,054	4,804	39,858	205	4,356	4,561	51,074
Maintenance contracts	3,328	4,196	-	7,524	703,194	58,390	761,584	5,588	9,386	14,974	784,082
Bank charges	-	-	-	-	110,202	61,960	172,162	30,077	30,342	60,419	232,581
Miscellaneous	-	-	-	-	753	130	883	-	-	-	883
Outside services	240,943	25,231	21,658	287,832	259,022	59,876	318,898	3,772	36,015	39,787	646,517
Participation fees	116,457	-	-	116,457	574	-	574	13,446	-	13,446	130,477
Photography	-	-	1,768	1,768	-	-	-	-	-	-	1,768
Postage	200	-	2,658	2,858	34,411	3,551	37,962	278	198	476	41,296
Printing	252	3,099	128,793	132,144	26,692	88,997	115,689	187	136	323	248,156
Professional development	2,498	1,761	185	4,444	13,776	1,495	15,271	-	887	887	20,602
Professional fees	-	-	-	-	165,288	-	165,288	-	1,626	1,626	166,914
Rentals	9,546	-	-	9,546	1,012	61,056	62,068	-	-	-	71,614
Supplies	8,800	25,768	318	34,886	74,608	10,300	84,908	13,027	31,328	44,355	164,149
Telecommunications	336	261	-	597	74,119	26	74,145	-	-	-	74,742
Transportation and crating	704,236	39,685	-	743,921	257	2,050	2,307	-	-	-	746,228
Travel and entertainment	189,654	12,498	2,720	204,872	179,976	579,988	759,964	3,993	2,858	6,851	971,687
Cost of goods sold	-	-	-	-	-	8,108	8,108	362,187	378,014	740,201	748,309
Occupancy	176	716	-	892	759,195	-	759,195	249	1,578	1,827	761,914
Total expenses before depreciation and interest	3,458,782	902,204	343,545	4,704,531	8,943,445	2,088,741	11,032,186	659,158	1,088,192	1,747,350	17,484,067
Depreciation	1,378,648	460,721	264,475	2,103,844	3,799,717	914,409	4,714,126	215,941	91,772	307,713	7,125,683
Interest	50,608	16,891	9,712	77,211	134,410	34,964	169,374	7,964	19,160	27,124	273,709
Total expenses	$ 4,888,038	1,379,816	617,732	6,885,586	12,877,572	3,038,114	15,915,686	883,063	1,199,124	2,082,187	24,883,459

See accompanying notes to consolidated financial statements.

THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES
Consolidated Statement of Functional Expenses
Year ended June 30, 2025

	Program Services				Supporting Services			Auxiliary Services			Total Functional
	Exhibitions	Education	Other	Total	Management	Fundraising	Total	ShopAK	AKCafe	Total	Expenses
Salaries and benefits	$ 1,967,094	749,746	455,717	3,172,557	5,993,056	895,267	6,888,323	140,996	628,690	769,686	10,830,566
Advertising and promotion	-	-	-	-	262,745	21,545	284,290	-	-	-	284,290
Artist fees	7,500	-	-	7,500	-	-	-	-	-	-	7,500
Audio tour	-	588	-	588	-	-	-	-	-	-	588
Books and periodicals	2,515	-	325	2,840	5,625	-	5,625	-	-	-	8,465
Cleaning	-	-	-	-	27,469	-	27,469	-	-	-	27,469
Conservation	4,125	-	-	4,125	-	-	-	-	-	-	4,125
Equipment purchases	649	674	96	1,419	16,437	733	17,170	100	2,626	2,726	21,315
Film rentals	-	1,955	-	1,955	-	-	-	-	-	-	1,955
Gifts	11,992	3,384	2,927	18,303	14,578	13,501	28,079	658	333	991	47,373
Honoraria	8,731	127,710	600	137,041	5,901	155,672	161,573	-	-	-	298,614
Installation	174,545	35	-	174,580	-	-	-	-	-	-	174,580
Insurance	781	-	-	781	229,596	3,002	232,598	-	-	-	233,379
Licenses, dues, subscriptions and fees	3,378	1,672	200	5,250	33,329	5,543	38,872	-	5,203	5,203	49,325
Maintenance contracts	5,467	57,194	54,008	116,669	573,702	59,664	633,366	944	7,555	8,499	758,534
Bank charges	40	-	-	40	109,769	33,539	143,308	20,132	30,588	50,720	194,068
Miscellaneous	1,250	5,949	-	7,199	-	1,400	1,400	-	1,586	1,586	10,185
Outside services	155,402	10,576	24,152	190,130	144,461	89,824	234,285	674	30,345	31,019	455,434
Participation fees	13,306	-	1,250	14,556	30	-	30	981	-	981	15,567
Photography	-	-	125	125	1,475	-	1,475	-	-	-	1,600
Postage	813	-	2,078	2,891	53,345	4,946	58,291	-	-	-	61,182
Printing	8,120	8,484	33,797	50,401	545	102,404	102,949	84	-	84	153,434
Professional development	1,371	240	668	2,279	20,228	1,641	21,869	25	-	25	24,173
Professional fees	205	-	-	205	196,076	396	196,472	-	1,860	1,860	198,537
Rentals	22,120	2,779	-	24,899	1,403	78,702	80,105	-	35,093	35,093	140,097
Supplies	22,174	25,987	1,820	49,981	52,389	17,838	70,227	11,670	-	11,670	131,878
Telecommunications	2,733	-	11,525	14,258	65,194	395	65,589	-	-	-	79,847
Transportation and crating	586,861	55,610	-	642,471	-	-	-	-	-	-	642,471
Travel and entertainment	186,873	12,016	5,951	204,840	160,477	718,411	878,888	4,812	836	5,648	1,089,376
Cost of goods sold	-	-	-	-	-	-	-	319,444	415,822	735,266	735,266
Occupancy	4,296	399	17,056	21,751	544,823	-	544,823	-	9,304	9,304	575,878
Total expenses before depreciation and interest	3,192,341	1,064,998	612,295	4,869,634	8,512,653	2,204,423	10,717,076	500,520	1,169,841	1,670,361	17,257,071
Depreciation	1,472,142	491,111	282,353	2,245,606	3,925,504	1,016,544	4,942,048	230,809	83,522	314,331	7,501,985
Interest	53,888	17,986	10,341	82,215	143,767	37,230	180,997	8,480	19,757	28,237	291,449
Total expenses	$ 4,718,371	1,574,095	904,989	7,197,455	12,581,924	3,258,197	15,840,121	739,809	1,273,120	2,012,929	25,050,505

See accompanying notes to consolidated financial statements.

THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES
Consolidated Statements of Cash Flows
Years ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities:		
Change in net assets	$ 10,166,603	3,368,424
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	7,369,673	7,734,145
Investment income, net	(16,141,343)	(19,120,379)
Change in allowance for bad debts	(50,000)	-
Restricted contributions	(11,285,243)	(1,242,261)
Change in beneficial interest in trust	(8,638)	(10,894)
Other non-operating activities	4,764,631	4,800,304
Changes in:		
Accounts receivable, net	514,269	537,913
Prepaids	(360,489)	768,211
Merchandise inventory	186,214	(93,681)
Accounts payable and accrued expenses	(34,035)	(1,073,641)
Deferred revenue	324,911	5,004
Net cash used in operating activities	(4,553,447)	(4,326,855)
Cash flows from investing activities:		
Purchases of property and equipment	(68,707)	(927,878)
Net investment income	1,549,272	1,528,316
Proceeds from deaccessioning of art	-	2,024,946
Payments for acquisition, preservation and conservation of art	(4,744,862)	(4,780,214)
Investment income from trust	26,895	25,333
Purchases of investments	(123,366,067)	(61,141,701)
Proceeds from sale of investments	119,939,963	65,792,760
Net cash provided by (used in) investing activities	(6,663,506)	2,521,562
Cash flows from financing activities:		
Restricted contributions	12,080,935	7,660,277
Repayments of lines of credit	(3,755,000)	(11,005,000)
Draws on lines of credit	3,855,000	9,005,000
Repayments of mortgage and notes payable	(1,481,897)	(6,322,680)
Net cash provided by (used in) financing activities	10,699,038	(662,403)
Net change in cash	(517,915)	(2,467,696)
Cash at beginning of year	720,265	3,187,961
Cash at end of year	$ 202,350	720,265
Supplemental disclosure of cash flow information:		
Cash paid for the purchase of works of art	$ 2,362,423	2,078,759
Cash paid for interest expense	$ 574,030	925,855

See accompanying notes to consolidated financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Buffalo Fine Arts Academy and Affiliates (the Academy) was incorporated in 1862 to promote, cultivate and generally foster the arts. The Academy is the oversight organization of the Buffalo AKG Art Museum (the Museum), one of the country's most prominent modern and contemporary art museums, as well as an important cultural and education center for Western New York. The Museum is dedicated to serving both the local community and a wider art audience through a recognized and active program of collecting, educating, exhibiting and interpreting modern and contemporary art works, and aspiring to be one of the world's best and most dynamic modern and contemporary art institutions.

(b) Financial Statement Presentation

Generally accepted accounting principles require that resources be classified for reporting purposes into two categories based upon the presence or absence of donor restrictions - without donor restrictions or with donor restrictions. Net assets without donor restrictions represent resources available for the general support of the Academy's activities and may be designated by the Academy's Board of Directors for specific purposes. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Academy and donor restricted endowment funds. As restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

(c) Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The consolidated financial statements include the accounts of the Academy and its wholly owned subsidiary, Albright Knox Restaurant, Inc. The consolidated financial statements also include the accounts of ALKASW, Inc., as the Academy has both an economic interest in ALKASW, Inc. and control of ALKASW, Inc. through a common Board of Directors. All significant intercompany balances and transactions have been eliminated in consolidation.

(d) Cash

Cash consists of demand deposits. The amount of cash on the consolidated statements of financial position and consolidated statements of cash flows excludes money market funds held in the investment portfolios. The Academy maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. As of June 30, 2026, the Academy has no amounts in excess of the federally insured limits. As of June 30, 2025, the Academy had $89,346 in excess of the federally insured limits. The Academy believes it is not exposed to any significant credit risk with regards to cash. In addition, the Academy has approximately $72,000 and $568,000 of cash restricted for AK360 as of June 30, 2026 and 2025, respectively.

(1) Organization and Summary of Significant Accounting Policies, Continued

(e) Receivables

Receivables, consisting mainly of grants, are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance for doubtful accounts based on its assessment of current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance for doubtful accounts and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

(f) Merchandise Inventory

Merchandise inventory consists of merchandise held for resale and are stated at the lower of cost or market, with cost determined using the first-in, first-out method.

(g) Investments

Generally accepted accounting principles establish a hierarchy for the determination of fair value, as well as disclosure requirements relative to those assets and liabilities. The hierarchy identifies three levels of input. Level 1 inputs are generally quoted market prices for identical assets or liabilities, which are actively traded on an exchange. Level 2 inputs generally consist of market prices for identical assets which are not actively traded or market prices of similar assets or liabilities which are actively traded, on an exchange. Level 3 inputs are referred to as unobservable inputs and consist primarily of information derived by management where Level 1 and Level 2 inputs are not available.

The Academy has established a policy under which investments may be pooled and invested according to certain guidelines. Under New York State law, the Academy is permitted to use the income and realized and unrealized gains and losses derived from the net assets with donor restrictions, subject to a standard of prudence, and absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity. Accordingly, all income and realized and unrealized gains and losses are reported as without donor restrictions or with donor restrictions, based on the presence or absence of donor stipulations as to their use.

The Academy's spending policy stipulates that a percentage of its investments, averaged over a thirty-six-month period, may be used to support its activities on an annual basis. The amounts drawn annually may deviate from this policy upon approval of the Academy's Board of Directors.

(h) Property and Equipment

Property and equipment acquisitions over $2,500 are recorded at cost if purchased or at fair value at the date of the gift if donated. Depreciation is recorded on the straight-line method over the estimated useful lives of 50 years for buildings, 10 to 30 years for building improvements and 5 to 10 years for equipment.

(1) Organization and Summary of Significant Accounting Policies, Continued

(h) Property and Equipment, Continued

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as a contribution with a donor-imposed restriction. Absent explicit donor stipulations about how long such assets must be maintained, the Academy reports the expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

(i) Net Asset Classifications

Generally accepted accounting principles provide guidance on the net asset classification of donor-restricted endowment funds that are subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA) and include required disclosures for all endowment funds, both donor-restricted and board-restricted, whether or not they are subject to NYPMIFA. The Board of Directors, on the advice of legal counsel, has determined that the majority of the Academy's contributions are subject to the terms of the Academy's governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Academy.

Under the terms of the governing documents, the Board of Directors has the ability to distribute as much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as net assets with donor restrictions are classified as net assets without donor restrictions for consolidated financial statement purposes. See note 12 for the enhanced endowment fund disclosures.

Net assets with donor restrictions consists of irrevocable charitable trusts, restricted contributions, contributions receivable and other restricted assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

(j) Collection of Works of Art

It is the Academy's policy to purchase works of art with donor restricted funds, including contributions received for such purpose, and proceeds from the deaccessioning of other works of art. It is the Academy's policy not to capitalize its collection of works of art. Therefore, the value of art objects is not included on the consolidated statements of financial position. Additionally, no determination has been made of the aggregate value of such assets for financial reporting purposes. Contributions of works of art are treated in the same manner as purchases of works of art in that they are not capitalized. Proceeds from deaccessioned objects are reflected on the consolidated statements of activities as net assets with donor restrictions, based on the existence or absence of donor-imposed restrictions. Use of the proceeds of deaccessioned objects are restricted solely to support the acquisition of other objects from the collection.

(1) Organization and Summary of Significant Accounting Policies, Continued

(k) Contributions

Contributions, including unconditional promises to give, are recognized as revenue at their fair market value in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are designated for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Cost-reimbursement grants are considered conditional obligations and are included in revenue as the related expenditures are incurred. Pledges for contributions are recorded as they are received and allowances are provided for amounts estimated to be uncollectible. Management closely monitors outstanding balances and has determined that an allowance for uncollectible pledges of approximately $525,000 and $475,000 as of June 30, 2026 and 2025, respectively, is necessary. For the years ended June 30, 2025 and 2024, two and six donors accounted for 91% and 92% of total restricted contributions, respectively.

(l) Revenue Recognition

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Academy expects to be entitled in exchange for these goods or services. The Academy utilizes a five-step framework as identified in ASU No. 2014-09. The primary sources of revenue from customers for the Academy are:

Memberships

Memberships are dues received to provide access and admission to events, exhibits and programs held at the Academy over a period of time. All memberships are nonrefundable and nontransferable. Memberships are recognized as revenue when received.

Special Events

Special event revenue, excluding any contribution component, consists of a single performance obligation and revenue is recognized when the event occurs. There are minimal factors that could impact the nature, amount and timing of the uncertainties involving this revenue and the related cash flows.

Special event revenue is generally non-refundable and is due before the event occurs, at the start of, or during the event. Special event revenue received in advance is deferred and recognized when the event takes place.

(m) Non-operating Activities

The Academy considers gifts and other revenue restricted for long-term purposes, purchases of works of art, dividend income, interest income, realized and unrealized gains and losses on investments and investment management fees as non-operating activities.

(n) Deferred Revenue

Revenue related to exchange transactions is deferred and recognized as without donor restricted revenue at the time the related goods are delivered or services are provided.

(1) Organization and Summary of Significant Accounting Policies, Continued

(o) Subsequent Events

Management of the Academy has evaluated the effects of all subsequent events through the date of the report which is the date which the consolidated financial statements were available to be issued, to determine if events or transactions occurring through that date require potential adjustment or disclosure in the consolidated financial statements.

(p) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Liquidity

The Academy has approximately $1,138,000 of financial assets available within one year of the consolidated statement of financial position date consisting of approximately $130,000 in cash and $1,008,000 of gross accounts receivable. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the consolidated statement of financial position date. As more fully described in note 7, the Academy has a committed line of credit in the amount of $5,000,000, which it could draw upon in the event of an unanticipated liquidity need. Additionally, the Academy has a quasi-endowment of approximately $8,385,000. Although the Academy does not intend to spend from its quasi-endowment other than the amounts appropriated as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

(3) Beneficial Interest in Trust

During the year ended June 30, 2010, a beneficial interest in a Charitable Lead Unitrust was recorded. The Unitrust agreement states that the Trustee shall maintain control over the assets and distribute quarterly payments to the Academy. The Unitrust agreement calls for payments to the Academy through the year ending June 30, 2029. The beneficial interest in the trust has been reflected at the present value of the estimated future cash flows using a discount rate equal to the rate of return on United States Treasury 10 year constant maturity rate, 4.44% and 4.24% at June 30, 2026 and 2025, respectively, and is included in change in beneficial interest in trust in the accompanying consolidated statements of activities for the years ended June 30, 2026 and 2025. The value of the beneficial interest in Trust was approximately $80,000 and $98,000 as of June 30, 2026 and 2025, respectively.

(4) Contributions Receivable

Contributions receivable, representing unconditional promises to give, consisted of the following at June 30:

		2026	2025
Unconditional gross promises to give:			
Due within one year	$	467,197	979,864
Due in one to five years		276,359	459,384
Gross promises to give		743,556	1,439,248
Less allowance for uncollectible pledges		(524,807)	(474,807)
	$	218,749	964,441

(5) Fair Value Measurements

The fair value of the Academy's investments was determined by reference to quoted market prices and other relevant information generated by market transactions (Level 1), similar market transactions (Level 2) and also by significant unobservable inputs (Level 3). Investment gains, losses and income are reported in the consolidated statements of activities.

The following table sets forth, by level within the fair value hierarchy, the Academy's assets that are measured at fair value on a recurring basis as of June 30, with the exception of the partnerships and other investments, which are measured at fair value using the net asset value (NAV) practical expedient. The fair value for the partnerships and other investments is provided below to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

		2026	2025
Level 1:			
Marketable equity securities	$	8,930,099	7,056,393
Equity funds		60,038,217	50,156,222
Corporate bond funds		24,864,799	24,864,799
Money market funds		9,009,006	1,336,813
		102,842,121	83,414,227

(5) Fair Value Measurements, Continued

	2026	2025
Level 2:		
Pooled funds	$ 15,576,260	12,211,232
Foreign equity securities	2,085,754	2,880,871
	17,662,014	15,092,103
Investments measured at net asset value:		
Partnerships	67,262,103	70,926,502
Other	-	335,000
	67,262,103	71,261,502
Total investments at fair value	$ 187,766,238	169,767,832

The Partnerships measured at net asset value include investments in limited partnership funds of hedge funds and multi-sector global asset managers. These funds of hedge funds and certain multi-sector global asset managers in turn invest in several different types of hedge funds or other investment strategies.

The unfunded commitments of the investments in the Partnerships as of June 30, 2026 and 2025 are $22,042,729 and $14,881,855, respectively.

Generally accepted accounting principles require that impaired investments, that is, investments for which the fair value is less than its cost, be evaluated as to whether such impairment is other than temporary. Since the Academy has the ability and the intent to hold the securities until a recovery in value occurs (or until maturity if necessary), no investments have been deemed impaired as of June 30, 2026 and 2025.

(6) Property and Equipment

Property and equipment consisted of the following at June 30:

	2026	2025
Land	$ 85,707	85,707
Buildings and building improvements	196,829,475	196,822,882
Equipment	9,711,761	9,673,422
Construction-in-progress	41,728	17,953
	206,668,671	206,599,964
Less accumulated depreciation and amortization	(33,431,000)	(26,061,327)
	$ 173,237,671	180,538,637

(6) Property and Equipment, Continued

Equipment under finance lease obligations as of June 30, 2026 and 2025 amounted to $121,327. Accumulated amortization related to such equipment amounted to $118,474 and $84,429 as of June 30, 2026 and 2025, respectively.

Depreciation expense for the years ended June 30, 2026 and 2025 amounted to $7,369,673 and $7,734,145, of which $243,990 and $232,160, respectively, is recorded in acquisition, preservation and conservation of works of art on the consolidated statements of activities as these amounts are related to depreciation recorded by ALKASW, Inc.

(7) Line of Credit

The Academy has a $5,000,000 unsecured line of credit arrangement with a bank that is used to meet general operating needs. This line of credit bears interest at 2.62% above the greater of the base rate (rate per annum equal to the greater of 2 percentage points above the rate of interest announced by the Bank each day as its prime rate of interest) or 3.25%. The interest rate as of June 30, 2026 and 2025 was equal to 6.31% and 6.99%, respectively. The Academy had an outstanding balance on the line of credit of $3,100,000 and $3,000,000 at June 30, 2026 and 2025, respectively.

(8) Mortgages and Notes Payable

Mortgages and notes payable consisted of the following at June 30:

	2026	2025
Loan payable to a bank, requiring interest only for the first five years from the date of the last advance and the outstanding principal balance due in full on July 27, 2028. The loan pays interest on the balance of the line equal to 15 basis points and the Daily Simple Secured Overnight Finance Rate (SOFR) plus 262 basis points (6.24% and 6.92% as of June 30, 2026 and 2025, respectively). The loan is collateralized by the accounts of the Academy.	$ 3,402,086	4,375,670
Mortgage note payable to a bank in fixed principal of $40,000 plus variable interest (6.13% and 6.89% as of June 30, 2026 and 2025, respectively) secured by real property. On July 1, 2023 this note was changed to bear interest at the one month SOFR plus 12 basis points.	568,761	1,048,760
Capital lease obligations.	2,852	31,166
	$ 3,973,699	5,455,596

(8) Mortgages and Notes Payable, Continued

Required principal repayments of debt for the years subsequent to June 30, 2026 are as follows:

2027	$ 482,853
2028	88,760
2029	3,402,086
	$ 3,973,699

(9) Net Assets Without Donor Restrictions

The Board of Directors has designated net assets without donor restrictions for the following purposes as of June 30:

	2026	2025
Quasi-endowment	$ 8,385,487	8,446,470
Accumulated deficit	(2,096,411)	(1,426,736)
	$ 6,289,076	7,019,734

(10) Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	2026	2025
Purchase of works of art	$ 103,345,640	99,612,885
Programs and exhibitions	12,069,933	10,762,350
Operations	62,147,221	50,521,497
Time restricted	80,021	98,278
AK360	291,065	1,532,569
Warehouse remediation	1,310,029	-
Buildings and equipment	169,263,972	175,083,041
	$ 348,507,881	337,610,620

(11) Net Assets Released from Donor Restriction

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by donors as follows for the years ended June 30:

	2026	2025
Art acquisitions	$ 5,210,482	3,378,223
Programs and exhibitions	3,381,232	3,696,839
AK360 initiatives and other	7,146,505	9,273,978
Operations	4,042,091	3,290,083
	$ 19,780,310	19,639,123

(12) Endowment Net Assets

The endowment net assets represent the endowment fund balances within each respective category of net assets in accordance with generally accepted accounting principles.

The changes in the endowment net assets for the years ended June 30, 2026 and 2025 are summarized as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets at June 30, 2024	$ 8,748,551	148,098,367	156,846,918
Investment income, net	959,780	18,099,967	19,059,747
Contributions	-	3,790,348	3,790,348
Amounts appropriated for expenditure	(1,261,861)	(8,667,320)	(9,929,181)
Change in endowment net assets	(302,081)	13,222,995	12,920,914
Endowment net assets at June 30, 2025	8,446,470	161,321,362	169,767,832
Investment income, net	715,112	15,422,043	16,137,155
Contributions	-	11,556,350	11,556,350
Amounts appropriated for expenditure	(776,095)	(8,919,004)	(9,695,099)
Change in endowment net assets	(60,983)	18,059,389	17,998,406
Endowment net assets at June 30, 2026	$ 8,385,487	179,380,751	187,766,238

(13) Retirement Plans

The Academy provides retirement benefits for eligible employees whose employment began before April 1, 2002, through contributions to the New York State and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer retirement system. As a participant in the System, the relative position of the Academy with respect to vested and nonvested benefits and net assets available for benefits is not determinable. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transactions of the business of the System and for custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information.

(13) Retirement Plans, Continued

That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244. The System is noncontributory except for employees who joined the System after July 27, 1976, who can elect to contribute 3% of their salary for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employees to the pension accumulation fund. The Academy is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were $50,465, $47,615 and $37,248, respectively. The Academy's contributions made to the System were equal to 100 percent of the contributions required for each year.

Additionally, the Academy provides retirement benefits for eligible employees whose retirement began on or after April 1, 2002, through a defined contribution plan under IRC Section 403(b) through the Newport Group. This plan became effective in January 2016. Previously, a plan through Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) was available. No contributions to the TIAA-CREF plan were made after December 31, 2015. That plan remains open and participants are under no obligation to transfer their balances to the Newport plan. However, all elective deferrals and employer contributions as of January 1, 2016 are only made to the Newport plan. The costs to the Academy related to both plans for the years ended June 30, 2026 and 2025, were approximately $437,000 and $418,000, respectively.

(14) Federal Income Tax Status

The Academy has been informed by the Internal Revenue Service that it is exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management does not believe that circumstances have occurred that have altered the tax-exempt status of the Academy. The Academy has also received a determination letter that they are not a private foundation within the meaning of Section 509(a)(3) of the Internal Revenue Code. The Academy's wholly-owned subsidiary, Albright-Knox Restaurant, Inc., is a taxable corporation. ALKASW, Inc., is also exempt under the provisions of Section 501(c)(2) of the Internal Revenue Code.

(15) Commitments and Contingency

(a) Commitments

As of June 30, 2026 and 2025, the Academy committed to purchase works of art totaling approximately $587,000 and $300,000, respectively. The purchases are expected to take place during subsequent fiscal years. These amounts have not been recorded as of June 30, 2026, as the Academy had neither possession nor title to these works of art.

(15) Commitments and Contingency, Continued

(b) Contingencies

The Academy is involved in various claims and lawsuits arising in the normal course of business. Management believes that it has a good and meritorious defense to these claims and that any financial responsibility incurred in settlement of such claims, would not be material.

(16) Functional Expenses

The Academy offers a variety of services related to exhibitions, education, support, auxiliary and other services. All expenses related to program, supporting and auxiliary services are tracked and reported separately in the consolidated statements of functional expenses. Certain general administrative expenses related to the Academy as a whole have been allocated to each service based on the total expenses of each program relative to the total expenses incurred.

(17) Contributions of Nonfinancial Assets - Gifts-in-Kind

Contributions of nonfinancial assets - gifts-in-kind consisted of the following for the years ended June 30, 2026 and 2025:

	2026	2025
Outside services	$ 3,277	3,062
Entertainment	265,953	210,017
Subscriptions/maintenance contracts	-	2,000
Gifts	4,850	3,600
Advertising	1,100	32,045
	$ 275,180	250,724

Gifts-in-Kind Valuation Techniques - Contributed outside services, entertainment and subscriptions/maintenance contracts are valued using the estimated fair value of rates charged by the vendor or other vendors for similar charges. Printing and supplies are valued using the estimated fair value equal to products of similar purchase.

Donor Restrictions and Use - Gifts-in-kind were restricted for use in the years ended June 30, 2026 and 2025, as follows:

- Outside services amounting to $3,277 and $3,062, in 2026 and 2025, respectively for specific exhibits and events.
- Entertainment amounting to $265,953 and $210,017, in 2026 and 2025, respectively for fundraising events.
- Subscriptions/maintenance contracts amounting to $2,000 in 2025 for fundraising events.
- Gifts amounting to $4,850 and $3,600 in 2026 and 2025, respectively for fundraiser gift bags.
- Advertising amounting to $1,100 and $32,045 in 2026 and 2025, respectively for targeted marketing campaigns.

(17) Contributions of Nonfinancial Assets - Gifts-in-Kind, Continued

Donor Restrictions and Use, Continued

A number of unpaid volunteers have made contributions of their time to develop and participate in the Academy's programs. No accounting recognition is made for the fair market value of services provided by volunteer personnel, as no objective basis is available to measure the value of such services.

The Academy does not sell donated gifts-in-kind and only distributes goods for program, supporting and auxiliary services use.