



AMERICAN BIRD CONSERVANCY

Financial Statements
With Independent Auditor's Report

December 31, 2025 and 2024



AMERICAN BIRD CONSERVANCY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
American Bird Conservancy
The Plains, Virginia

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Bird Conservancy, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Board of Directors
American Bird Conservancy
The Plains, Virginia

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Capin Crouse LLC

Indianapolis, Indiana
July 31, 2026

AMERICAN BIRD CONSERVANCY

Statements of Financial Position

	December 31,	
	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 4,406,429	\$ 3,080,064
Contributions receivable, net	250,000	447,580
Grants receivable, net	8,553,271	7,403,447
Prepaid expenses and other assets	396,625	312,472
Investments	13,251,018	10,961,427
Operating right-of-use assets	186,397	172,859
Property and equipment, net	236,756	217,230
Total Assets	\$ 27,280,496	\$ 22,595,079
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 1,460,901	\$ 1,436,950
Accrued expenses	1,166,374	983,298
Operating lease liability	187,266	181,017
Total liabilities	2,814,541	2,601,265
Net assets:		
Without donor restrictions	18,761,769	13,018,894
With donor restrictions	5,704,186	6,974,920
Total net assets	24,465,955	19,993,814
Total Liabilities and Net Assets	\$ 27,280,496	\$ 22,595,079

See notes to financial statements

AMERICAN BIRD CONSERVANCY

Statements of Activities

	Years Ended December 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Contributions	\$ 14,100,030	\$ 5,216,187	\$ 19,316,217	\$ 8,769,986	\$ 5,228,326	\$ 13,998,312
Grants	14,728,055	404,298	15,132,353	10,978,065	659,257	11,637,322
Investment returns, net	1,601,786	-	1,601,786	1,576,774	-	1,576,774
Program service fees	502,250	-	502,250	553,000	-	553,000
Other income	153,135	-	153,135	166,409	-	166,409
Total Support and Revenue	31,085,256	5,620,485	36,705,741	22,044,234	5,887,583	27,931,817
RECLASSIFICATIONS:						
Net assets released by satisfaction of purpose restrictions	6,891,219	(6,891,219)	-	5,479,267	(5,479,267)	-
EXPENSES:						
Program services:						
Bird conservation projects	21,781,292	-	21,781,292	18,829,814	-	18,829,814
Education and outreach	4,089,040	-	4,089,040	3,386,045	-	3,386,045
	25,870,332	-	25,870,332	22,215,859	-	22,215,859
Supporting activities:						
Management and general	3,411,649	-	3,411,649	4,789,068	-	4,789,068
Fundraising	2,951,619	-	2,951,619	2,401,945	-	2,401,945
	6,363,268	-	6,363,268	7,191,013	-	7,191,013
Total Expenses	32,233,600	-	32,233,600	29,406,872	-	29,406,872
Change in Net Assets	5,742,875	(1,270,734)	4,472,141	(1,883,371)	408,316	(1,475,055)
Net Assets, Beginning of Year	13,018,894	6,974,920	19,993,814	14,902,265	6,566,604	21,468,869
Net Assets, End of Year	\$ 18,761,769	\$ 5,704,186	\$ 24,465,955	\$ 13,018,894	\$ 6,974,920	\$ 19,993,814

See notes to financial statements

AMERICAN BIRD CONSERVANCY

Statement of Functional Expenses

Year Ended December 31, 2025

	Program Services			Supporting Activities			
	Bird Conservation Projects	Education and Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total
Salaries, benefits, and payroll	\$ 9,253,529	\$ 2,511,981	\$ 11,765,510	\$ 2,030,891	\$ 2,328,156	\$ 4,359,047	\$ 16,124,557
Grants	9,975,688	19,830	9,995,518	-	-	-	9,995,518
Publications, communications, and advertising	127,538	1,348,558	1,476,096	42,338	569,229	611,567	2,087,663
Professional fees	770,206	9,389	779,595	395,614	4,113	399,727	1,179,322
Travel	659,240	50,357	709,597	53,166	16,772	69,938	779,535
Information technology and telecommunications	51,098	75,005	126,103	364,891	1,115	366,006	492,109
Occupancy	154,035	3,355	157,390	144,331	910	145,241	302,631
Conference and meeting	69,204	12,433	81,637	2,467	2,128	4,595	86,232
Other	720,754	58,132	778,886	377,951	29,196	407,147	1,186,033
	<u>\$ 21,781,292</u>	<u>\$ 4,089,040</u>	<u>\$ 25,870,332</u>	<u>\$ 3,411,649</u>	<u>\$ 2,951,619</u>	<u>\$ 6,363,268</u>	<u>\$ 32,233,600</u>

See notes to financial statements

AMERICAN BIRD CONSERVANCY

Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services			Supporting Activities			
	Bird Conservation Projects	Education and Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total
Salaries, benefits, and payroll	\$ 8,840,507	\$ 2,125,297	\$ 10,965,804	\$ 2,317,586	\$ 1,809,184	\$ 4,126,770	\$ 15,092,574
Grants	7,602,222	10,000	7,612,222	-	-	-	7,612,222
Publications, communications, and advertising	129,882	981,743	1,111,625	87,680	453,257	540,937	1,652,562
Professional fees	452,317	74,623	526,940	501,952	45,150	547,102	1,074,042
Travel	820,336	90,720	911,056	171,289	40,905	212,194	1,123,250
Information technology and telecommunications	56,791	75,642	132,433	559,300	4,179	563,479	695,912
Occupancy	143,886	2,385	146,271	194,797	957	195,754	342,025
Conference and meeting	84,613	17,405	102,018	341,645	4,432	346,077	448,095
Other	699,260	8,230	707,490	614,819	43,881	658,700	1,366,190
	<u>\$ 18,829,814</u>	<u>\$ 3,386,045</u>	<u>\$ 22,215,859</u>	<u>\$ 4,789,068</u>	<u>\$ 2,401,945</u>	<u>\$ 7,191,013</u>	<u>\$ 29,406,872</u>

See notes to financial statements

AMERICAN BIRD CONSERVANCY

Statements of Cash Flows

	Years Ended December 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,472,141	\$ (1,475,055)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	30,198	19,859
Unrealized gains on investments	(1,221,939)	(1,028,019)
Realized gains on sales of investments	(164,101)	(334,814)
Change in discount and allowance for uncollectable accounts on contributions and grants receivable	21,243	(17,031)
Non-cash lease expense	(7,289)	(15,932)
Changes in:		
Prepaid expenses and other assets	(84,153)	55,898
Contributions receivable, net	208,437	1,250,000
Grants receivable, net	(1,149,824)	(3,021,574)
Accounts payable	23,951	762,594
Accrued expenses	183,076	9,776
Net Cash Provided by (Used in) Operating Activities	<u>2,311,740</u>	<u>(3,794,298)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(49,724)	(179,614)
Proceeds from sale of investments	1,649,664	9,746,680
Purchases of investments	<u>(2,585,315)</u>	<u>(7,904,244)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(985,375)</u>	<u>1,662,822</u>
Change in Cash and Cash Equivalents	1,326,365	(2,131,476)
Cash and Cash Equivalents, Beginning of Year	<u>3,080,064</u>	<u>5,211,540</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,406,429</u>	<u>\$ 3,080,064</u>
SUPPLEMENTAL DISCLOSURE:		
Property acquired through operating lease	<u>\$ 95,272</u>	<u>\$ 114,601</u>

See notes to financial statements

AMERICAN BIRD CONSERVANCY

Notes to Financial Statements

December 31, 2025 and 2024

1. NATURE OF ORGANIZATION:

The American Bird Conservancy (ABC) is a not-for-profit membership organization dedicated to the protection of wild birds and their habitats throughout the Americas. ABC achieves this through education, outreach, and a variety of conservation projects. These initiatives aim to prevent bird extinctions, reverse population declines, reduce threats to all bird species, and strengthen the bird conservation movement.

ABC is exempt from federal income taxes under Internal Revenue Service Code (Code) Section 501(c)(3) and is also exempt from state income taxes. Contributions to ABC are deductible for federal income tax purposes. Accordingly, no provision for income taxes has been made in the accompanying financial statements. ABC is classified as a publicly supported organization rather than a private foundation under Section 509(a)(1) of the code. ABC's primary sources of revenue are contributions and grants.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASU).

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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. Estimates that are particularly susceptible to significant change in the near term are related to the allocation of functional expenses, the allowance for doubtful accounts, fair value of investments, and revenue recognition based upon when performance obligations have been satisfied. The significant accounting policies followed are described below to enhance the usefulness of the statements to the reader.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, ABC considers all cash and investments purchased with maturities of three months or less to be cash and cash equivalents. At December 31, 2025 and 2024, ABC had cash and cash equivalents exceeding FDIC limits of approximately \$4,495,000 and \$2,786,000 respectively.

AMERICAN BIRD CONSERVANCY

Notes to Financial Statements

December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consists of unconditional promises to give and are recorded at net realizable value. Amounts expected to be collected beyond one year are discounted to present value using a discount rate of 4.5%. Management believes that contributions receivable are fully collectable and therefore, no allowance for doubtful accounts has been recognized. Contributions receivable consists of the following:

	December 31,	
	2025	2024
Amounts due in:		
Less than one year	\$ 250,000	\$ 250,000
One to five years	-	250,000
Less: unamortized discount	-	(52,420)
	<u>\$ 250,000</u>	<u>\$ 447,580</u>

GRANTS RECEIVABLE, NET

Grants receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor. At December 31, 2025 and 2024, the allowance for doubtful accounts for grants receivable was approximately \$30,000 and \$12,000, respectively. Grant receivables are expected to be collected within one year.

INVESTMENTS

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses, dividends and interest, net of investment expenses provided by external investment advisors, are included in investment returns in the statements of activities. Donated investments are sold immediately upon receipt, and are reflected as contributions at their sale price.

OPERATING LEASE RIGHT-OF-USE ASSETS AND LIABILITIES

ABC classifies noncancelable, multi-year leasing arrangements as operating leases according to the guidance prescribed in FASB ASC Topic 842. ABC has also elected to not separate lease and non-lease components and the accounting policy election to exclude short-term leases with lease terms of 12 months or less. The additional lease disclosures can be found in Note 4.

PROPERTY AND EQUIPMENT, NET

Furniture and equipment in excess of \$3,000 are capitalized and stated at cost. Furniture and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

AMERICAN BIRD CONSERVANCY

Notes to Financial Statements

December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

LONG-LIVED ASSET IMPAIRMENT

In accordance with GAAP, ABC reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. For the years ending December 31, 2025 and 2024, there were no impairment losses recognized.

NET ASSETS

Net assets without donor restrictions are those currently available at the discretion of the board for use in ABC's operations. Assets designated solely through the actions of the Board are referred to as board designated and are also reported as net assets without donor restrictions.

Net assets with donor restrictions are those stipulated by donors or grantors for specific operating purposes or those not currently available for use until commitments regarding their use have been fulfilled. These also include donor imposed restrictions that are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

SUPPORT, REVENUE, AND RECLASSIFICATIONS

Support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to ABC. ABC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Bequests are recorded as support at the time ABC has an established right to the bequest and the proceeds are measurable.

Grant revenue is recognized as earned when the barriers to recognition are met and eligible expenses are incurred. ABC has elected the simultaneous release option for conditional grants so that when the conditions are met, any donor-imposed restrictions are simultaneously released, thereby allowing presentation within grant revenue without donor restrictions on the statements of activities.

Program services fees are recognized when the performance obligations are satisfied, which is over the time the services are provided. There were no contract receivables or liabilities as of December 31, 2025 and 2024.

Investment income, net of related fees, is recognized as revenue in the period when earned and reported in investment returns on the statements of activities. Other income is recognized when earned.

AMERICAN BIRD CONSERVANCY

Notes to Financial Statements

December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

EXPENSES AND FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported when incurred. The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the allocation of personnel time and effort, square footage and various other allocation methods relative to the nature of the transaction. Expenses directly attributed to a specific functional area of ABC are reported as direct expenses to the programmatic area. There were no joint costs for the years ended December 31, 2025 and 2024, respectively.

CONCENTRATION OF SUPPORT AND REVENUE

Approximately 22% and 32% of ABC's total revenues were derived from federal grants for the years ended December 31, 2025 and 2024, respectively.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects ABC's financial assets as of December 31 of each year, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date:

	December 31,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 4,406,429	\$ 3,080,064
Contributions receivable, net	250,000	447,580
Grants receivable, net	8,553,271	7,403,447
Investments	13,251,018	10,961,427
Financial assets, at year end	<u>26,460,718</u>	<u>21,892,518</u>
Less those unavailable for general expenditures within one year, due to:		
Board designated funds	(13,068,636)	(11,131,677)
Funds subject to donor-imposed purpose or time restrictions	<u>(5,704,186)</u>	<u>(6,974,920)</u>
	<u>(18,772,822)</u>	<u>(18,106,597)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,687,896</u>	<u>\$ 3,785,921</u>

ABC structures their financial assets to be available and liquid as their general expenditures, liabilities, and other obligations come due. Board designated funds can be drawn upon if the board of directors approves such action.

AMERICAN BIRD CONSERVANCY

Notes to Financial Statements

December 31, 2025 and 2024

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITY:

ABC leases office space under six noncancelable operating leases expiring at various dates during 2025 through 2028. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease terms. Monthly payments under these leases total approximately \$19,000, with discount rates ranging from 2.89%-4.48%.

	December 31,	
	2025	2024
Operating lease right-of-use assets	\$ 186,397	\$ 172,859
Operating lease liability	\$ 187,266	\$ 181,017
Operating lease costs	\$ 123,563	\$ 170,069
Weighted-average discount rate	3.72%	3.66%
Weighted-average remaining lease term (in years)	1.96	1.10

Future minimum lease payments required under operating leases that have an initial or remaining non-cancellable lease term in excess of one year are as follows:

<u>Year Ending December 31,</u>	
2026	\$ 109,494
2027	56,164
2028	29,093
	<u>194,751</u>
Less: imputed interest	<u>(7,485)</u>
	<u>\$ 187,266</u>

AMERICAN BIRD CONSERVANCY

Notes to Financial Statements

December 31, 2025 and 2024

5. INVESTMENTS:

ABC's investments consist of the following:

	December 31,	
	2025	2024
Held at fair value:		
Mutual funds		
Money market funds	\$ 1,861,387	\$ 424,975
Equity	8,744,994	8,187,026
Fixed income	2,644,637	2,349,426
	<u>\$ 13,251,018</u>	<u>\$ 10,961,427</u>

Investment returns, net, consists of the following:

	Years Ended December 31,	
	2025	2024
Interest and dividends	\$ 278,324	\$ 273,267
Unrealized gains on investments	1,221,939	1,028,019
Realized gains on sale of investments	164,101	334,814
Investment expenses	(62,578)	(59,326)
	<u>\$ 1,601,786</u>	<u>\$ 1,576,774</u>

AMERICAN BIRD CONSERVANCY

Notes to Financial Statements

December 31, 2025 and 2024

6. DISCLOSURES ABOUT FAIR VALUE OF ASSETS:

The *Fair Value Measurement and Disclosure* Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 consists of unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities. ABC uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, ABC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

		December 31, 2025			
		Total	Level 1	Level 2	Level 3
Investments, at fair value:					
Mutual funds:					
Money market funds	\$	1,861,387	\$	1,861,387	\$ -
Equity		8,744,994		8,744,994	-
Fixed income		2,644,637		2,644,637	-
	\$	13,251,018	\$	13,251,018	\$ -
December 31, 2024					
		Total	Level 1	Level 2	Level 3
Investments, at fair value:					
Mutual funds:					
Money market funds	\$	424,975	\$	424,975	\$ -
Equity		8,187,026		8,187,026	-
Fixed income		2,349,426		2,349,426	-
	\$	10,961,427	\$	10,961,427	\$ -

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There were no changes in valuation techniques as of December 31, 2025 or 2024.

Mutual funds: valued using quoted market prices in active markets.

AMERICAN BIRD CONSERVANCY

Notes to Financial Statements

December 31, 2025 and 2024

7. NET ASSETS:

Net assets are classified according to their nature and purpose and consist of the following:

	December 31,	
	2025	2024
Without donor restrictions:		
Undesignated	\$ 5,693,133	\$ 1,887,217
Board designated:		
William Belton grant fund	438,835	397,105
Bird Conservation board endowment	12,629,801	10,734,572
	<u>13,068,636</u>	<u>11,131,677</u>
Total without donor restrictions	<u>18,761,769</u>	<u>13,018,894</u>
With donor restrictions:		
Subject to expenditure for specified purpose or time:		
Bird Conservation projects - time and purpose	250,000	447,580
Bird Conservation projects - purpose	5,454,186	6,527,340
	<u>5,704,186</u>	<u>6,974,920</u>
Total with donor restrictions	<u>5,704,186</u>	<u>6,974,920</u>
Total net assets	<u>\$ 24,465,955</u>	<u>\$ 19,993,814</u>

8. ENDOWMENT FUNDS:

ABC's endowments consist of funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the State Prudent Management of Institutional Funds Act (SPMIFA).

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Notes to Financial Statements

December 31, 2025 and 2024

8. ENDOWMENT FUNDS, continued:

Changes in endowment net assets are as follows:

	Years Ended December 31,	
	2025	2024
Endowment net assets, beginning of year	\$ 10,734,572	\$ 11,994,235
Investment returns, net	1,452,493	1,364,878
Transfers in	925,792	358,664
Appropriation for expenditure	(483,056)	(2,983,205)
	<u>1,895,229</u>	<u>(1,259,663)</u>
Endowment net assets, end of year	<u>\$ 12,629,801</u>	<u>\$ 10,734,572</u>

RETURN OBJECTIVES AND RISK PARAMETERS

ABC has adopted investment and spending policies for endowment assets designed to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in conservative instruments.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVE

To satisfy its long-term rate-of-return objectives, ABC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ABC targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

ABC has a policy of appropriating 100% of the endowment returns toward the purpose as stated in the original award.

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Notes to Financial Statements

December 31, 2025 and 2024

9. RETIREMENT PLAN:

ABC provides retirement benefits to its employees through a 403(b) Plan covering all full-time employees with one-year of eligible experience. ABC is not required to make contributions to the Plan. During the years ended December 31, 2025 and 2024, ABC contributed approximately \$218,000 and \$174,000 to the plan, respectively.

10. CONTINGENCY:

ABC receives grants from various agencies of the U.S. Government. For the years ended December 31, 2025 and 2024, such grants were subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

The ultimate determination of amounts received under the U.S. Government grants is based upon the allowance of costs reported to and accepted by the U.S. Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2025. Until such audits have been accepted by the U.S. Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 31, 2026, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.