DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Reports Thereon)

DUCKS UNLIMITED, INC. AND AFFILIATES

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KPMG LLP
Triad Centre III
Suite 450
6070 Poplar Avenue
Memphis, TN 38119-3901

Independent Auditors' Report

The Board of Directors
Ducks Unlimited, Inc. and Affiliates:

Opinion

We have audited the consolidated financial statements of Ducks Unlimited, Inc. and Affiliates and its subsidiaries (Organization), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of activities, support and revenues without donor restrictions and expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Organization 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 U.S. generally accepted accounting principles, 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 Organization's ability to continue as a going concern for 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 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 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 Organization'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 Organization'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.

KPMG LLP

Memphis, Tennessee
October 8, 2024

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Balance Sheets

June 30, 2024 and 2023

Assets		**2024**	**2023**
Cash and cash equivalents	$	22,924,139	39,118,813
Restricted cash		17,345,006	14,667,120
Investments		110,666,880	98,153,377
Events receivable, net		—	158,380
Pledges receivable, net		202,354,198	96,435,881
Habitat receivables		62,095,598	47,559,728
Magazine and other receivables		5,199,607	9,225,682
Prepaid expenses		6,533,037	5,571,157
Event merchandise inventory		9,548,145	7,803,956
Trade lands		10,258,500	9,611,500
Land held for conservation purposes		98,451,147	89,927,524
Land, buildings, and equipment, net		10,963,967	10,534,596
Right of use assets, net		8,067,751	8,384,249
Other assets		1,350,989	1,332,988
Total assets	$	565,758,964	438,484,951
Liabilities and Net Assets			
Accounts payable and accrued expenses	$	17,750,044	19,430,440
Accrued postretirement benefits		676,598	1,051,996
Compensation and related accruals		13,132,732	12,503,988
Deferred compensation accruals		1,010,339	1,066,629
Deferred revenue		46,344,830	42,126,237
Land financing		7,463,000	520,750
Lease liabilities		7,695,131	8,250,253
Notes payable		1,000,000	—
Other liabilities		2,917,481	2,507,802
Total liabilities		97,990,155	87,458,095
Net assets:			
Without donor restrictions		130,178,311	120,539,148
With donor restrictions		337,590,498	230,487,708
Total net assets		467,768,809	351,026,856
Total liabilities and net assets	$	565,758,964	438,484,951

See accompanying notes to consolidated financial statements.

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Statements of Activities

Years ended June 30, 2024 and 2023

		Without donor restrictions	With donor restrictions	Total
Net assets at June 30, 2022	$	106,605,591	219,146,313	325,751,904
Support and revenues:				
Support and revenues without donor restrictions:				
Financial support and revenues		215,467,796	—	215,467,796
Other nonfinancial support and revenues		24,174,492	—	24,174,492
Support and revenues with donor restrictions:				
Major conservation gifts		—	86,457,837	86,457,837
Contributions to donor restricted endowments		—	826,665	826,665
Investment return on donor restricted endowments, net of appropriation for expenditure		—	3,536,137	3,536,137
Habitat reimbursements		—	1,557,622	1,557,622
Other revenues		—	1,370,559	1,370,559
Net assets released from restrictions:				
Program restrictions satisfied		80,143,078	(80,143,078)	—
Expiration of time restrictions		2,264,347	(2,264,347)	—
Total support and revenues		322,049,713	11,341,395	333,391,108
Total expenses		313,396,852	—	313,396,852
Excess of support and revenues over expenses before changes in net assets		8,652,861	11,341,395	19,994,256
Other changes in net assets:				
Net periodic benefit cost other than service cost		(2,480,524)	—	(2,480,524)
Pension and postretirement benefit liability adjustments other than net periodic costs		7,761,220	—	7,761,220
Total change in net assets		13,933,557	11,341,395	25,274,952
Net assets at June 30, 2023		120,539,148	230,487,708	351,026,856
Support and revenues:				
Support and revenues without donor restrictions:				
Financial support and revenues		266,897,280	—	266,897,280
Other nonfinancial support and revenues		12,609,490	—	12,609,490
Support and revenues with donor restrictions:				
Major conservation gifts		—	152,873,909	152,873,909
Contributions to donor restricted endowments		—	1,643,830	1,643,830
Investment return on donor restricted endowments, net of appropriation for expenditure		—	4,322,300	4,322,300
Habitat reimbursements		—	9,087,067	9,087,067
Other revenues		—	623,164	623,164
Net assets released from restrictions:				
Program restrictions satisfied		58,162,311	(58,162,311)	—
Expiration of time restrictions		3,285,169	(3,285,169)	—
Total support and revenues		340,954,250	107,102,790	448,057,040
Total expenses		331,455,781	—	331,455,781
Excess of support and revenues over expenses before changes in net assets		9,498,469	107,102,790	116,601,259
Other changes in net assets:				
Pension and postretirement benefit liability adjustments other than net periodic costs		140,694	—	140,694
Total change in net assets		9,639,163	107,102,790	116,741,953
Net assets at June 30, 2024	$	130,178,311	337,590,498	467,768,809

See accompanying notes to consolidated financial statements.

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Statements of Support and Revenues Without Donor Restrictions and Expenses

Years ended June 30, 2024 and 2023

	2024	2023
Operational revenue:		
Philanthropic financial sources:		
Net proceeds from events	$ 63,129,608	59,252,363
Direct marketing	11,531,232	12,309,036
Unrestricted major gift	11,628,501	9,423,966
Restricted major gift released	45,787,253	46,827,631
Planned gift maturities	1,500,000	1,250,000
Licensing and sponsorships	2,368,315	2,262,776
Total philanthropic revenue	135,944,909	131,325,772
Governmental reimbursements	140,911,142	135,798,248
Non-governmental funding	35,429,896	19,304,943
Donated conservation easements	3,559,000	9,471,250
Total habitat delivery revenue	179,900,038	164,574,441
Advertising	2,124,092	2,529,187
Donated educational programming	9,050,490	14,703,242
Interest Income	1,288,093	746,211
Spend from Investments	4,123,278	4,546,629
Other revenue	324,519	72,526
Total other operational support and revenue	16,910,472	22,597,795
Total operational revenue	332,755,419	318,498,008
Operating expense:		
U.S. habitat delivery	211,984,631	188,160,599
Support for Canadian programs	13,127,182	16,250,564
Support for Mexican programs	1,421,930	1,302,814
Donated conservation easements	3,559,000	9,471,250
Total habitat conservation	230,092,743	215,185,227
Government relations	5,067,727	4,613,183
Communications & publications	12,004,963	12,495,578
Donated educational programming	9,050,490	14,703,242
Education delivery	14,936,760	12,033,969
Membership services	5,115,047	3,487,964
Total conservation education	46,174,987	47,333,936
Total program	276,267,730	262,519,163
Event fundraising	16,031,385	14,708,185
Direct marketing	10,983,863	10,290,019
Development & advertising	19,228,303	15,993,758
Total fundraising	46,243,551	40,991,962
Corporate services & administration	8,287,099	8,741,858
Non-recurring information technology	657,401	1,143,869
Total central support	8,944,500	9,885,727
Total operating expense	331,455,781	313,396,852
Operating surplus	1,299,638	5,101,156
Nonoperational:		
Habitat revolving fund activity	836,489	1,135,011
Other non-operational activity	129,580	—
Board-directed endowments	7,232,762	2,416,694
Net periodic benefit cost other than service cost	—	(2,480,524)
Non-operating surplus	8,198,831	1,071,181
Operating & non-operating surplus	$ 9,498,469	6,172,337

See accompanying notes to consolidated financial statements.

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 116,741,953	25,274,952
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Noncash contribution	(1,180,714)	(1,931,623)
Contributions restricted for investment in endowment and capital items	(1,643,830)	(826,665)
Depreciation and Amortization	6,153,190	5,466,979
(Gain) Loss on disposition of conservation lands	(688,158)	225,151
Provision for uncollectible pledges	1,508,566	(631,693)
Net realized and unrealized gains on investments	(7,709,092)	(8,184,123)
Prepaid pension costs	—	3,576,511
Postretirement benefit liability adjustments	(140,695)	(192,285)
Changes in operating assets and liabilities:		
Events receivable, net	158,380	338,949
Pledges receivable, net	(107,426,883)	(943,066)
Habitat receivables	(14,535,870)	3,202,441
Magazine and other receivables	4,026,075	(7,603,092)
Prepaid expenses	(961,880)	(1,255,189)
Event merchandise inventory	(1,744,188)	743,649
Leased assets	(1,356,789)	(724,991)
Other assets	(18,001)	(110,291)
Accounts payable and accrued expenses	(1,680,396)	(5,938,380)
Deferred revenue	4,218,592	3,295,428
Compensation and related accruals	628,745	1,334,721
Deferred compensation accruals	(56,290)	(80,200)
Accrued postretirement benefits	(234,703)	(183,795)
Other liabilities	409,679	985,168
Net cash (used in)/provided by operating activities	(5,532,309)	15,838,556
Cash flows from investing activities:		
Purchases of investments	(27,234,236)	(19,472,558)
Proceeds from sale of investments	22,429,825	19,847,700
Building and equipment purchases	(3,725,715)	(1,921,508)
Investments in conservation lands/other	(25,678,931)	(14,361,524)
Proceeds from sales of conservation lands	18,350,290	17,559,262
Net cash (used in)/provided by investing activities	(15,858,767)	1,651,372
Cash flows from financing activities:		
Proceeds from contributions restricted to endowment and capital items	1,643,830	826,665
Proceeds from borrowings on line of credit	7,463,000	(15,321,601)
Proceeds from other borrowings	1,000,000	—
Repayment of lease obligation	(1,711,792)	(1,070,017)
Repayment of notes payable	(520,750)	(1,598,366)
Net cash provided by/(used in) financing activities	7,874,288	(17,163,319)
Net (decrease)/increase in cash and cash equivalents	(13,516,788)	326,609
Cash and cash equivalents at beginning of year	53,785,933	53,459,324
Cash and cash equivalents at end of year	$ 40,269,145	53,785,933
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	$ 22,924,139	39,118,813
Restricted cash and cash equivalents	17,345,006	14,667,120
	$ 40,269,145	53,785,933
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 565,721	325,354
Bargain purchase on conservation lands	1,180,714	1,805,920
Right of use assets	—	125,703

See accompanying notes to consolidated financial statements.

(1) Nature of Activities

Ducks Unlimited, Inc. (DUI) is an internationally supported, nonprofit conservation organization incorporated under the laws of the District of Columbia in 1937. DUI conserves, restores and manages wetlands and associated habitats for North America's waterfowl. These habitats also benefit other wildlife and people.

Wetlands America Trust, Inc. (WAT) is a nonprofit organization formed in 1985 to support the mission of DUI in providing leadership in the protection of the natural balance of wetland ecosystems, ensuring the future viability of waterfowl and other wetland wildlife in the United States. WAT operates exclusively for the benefit of DUI and complements DUI's domestic habitat programs in harmony with DUI's conservation priorities. WAT is also a fiduciary for DUI and manages endowments and revolving funds. DUI is the sole member of WAT.

Ducks Unlimited Lands, LLC (DUL) is a nonprofit entity formed in 2018 to support DUI in its protection of donated land assets. DUL operates exclusively for the benefit of DUI and complements DUI's domestic habitat programs in harmony with DUI's conservation priorities. DUL is also a fiduciary for DUI, and DUI is the sole member of DUL.

DUI, WAT and DUL's primary sources of revenue are contributions from the public, including gifts of land, investment income, and government grants. These resources are used to conserve portfolios of functional conservation areas across North America.

DUI, WAT and DUL (DU or the Organization) are recognized as organizations exempt from federal income tax under 501(a) as entities described in Section 501(c)(3) of the U.S. Internal Revenue Code, except for taxes on income from activities unrelated to its exempt purposes. The Organization does not have any material unrecognized tax positions that should be recognized in the financial statements as of June 30, 2024 or 2023.

(2) Significant Accounting Policies

(a) Principles of Consolidation and Presentation

The consolidated financial statements include the accounts of DUI, WAT and DUL. Significant accounts and transactions between DUI, WAT and DUL have been eliminated in consolidation.

DU considered the following items to be nonoperating activities: activities related to the habitat revolving fund that involves the purchase and sales of land for conservation purposes, unrealized/realized gain/loss on endowments, gain/loss on trade land sales, endowments directed by the board for specific purposes, and net periodic benefit cost other than service cost.

(b) Cash and Cash Equivalents

Cash and Cash Equivalents represent DU's operating cash that Management uses to satisfy current cash flow needs; cash in excess of current cash flow needs is deployed in higher-yielding, low-risk instruments. Funds are deposited in various depository accounts, money markets; and short-term, highly-liquid investments. Cash deposits in excess of federal depository insurance limits were $18,019,159 and $35,817,209 at June 30, 2024 and 2023, respectively. DU has not experienced losses on cash deposits. Management continually monitors the creditworthiness of DU's financial institutions and considers the risk of loss to be remote.

(c) Restricted Cash

Restricted cash is held in bank accounts in high quality financial institutions in the United States. Cash deposits in excess of federal depository insurance limits were $15,845,006 and $13,167,120 at June 30, 2024 and 2023, respectively. DU has not experienced losses on cash deposits. Management continually monitors the creditworthiness of DU's financial institutions and considers the risk of loss to be remote.

Contractual terms, such as those contained in mitigation banking agreements, as well as certain donor stipulations require that these assets be segregated from DU's operating cash until the relevant conservation outcomes have been met. Once met, the cash is transferred to DU's operating cash.

(d) Investments and Fair Value Measurements

The carrying value of cash and cash equivalents, events receivable, habitat conservation and other receivables and accounts payable approximate fair value because of the short maturity of those instruments.

Investments with readily determinable fair values are reported based on the last reported sales price at the end of the reporting period or, in the absence of a reported sale, on the average of the bid and ask price. Investments in private equity and hedge funds are reported at the proportionate share of the estimated fair values of the underlying investments. Those fair values, which are estimated by the general partners or investment managers, are evaluated for reasonableness by the Organization's management, and may differ from the values that would have been used had a ready market existed for those investments. Investment income from donor restricted endowment funds is recognized as net assets with donor restrictions until appropriated for use. Investment income on all other investments is credited directly to net assets without donor restrictions unless otherwise restricted by the donor or organizational policy.

DU values its financial instruments based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy that prioritizes the inputs to valuation techniques is used to measure fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into the following three levels, based on the observability of inputs:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and

Level 3: Significant unobservable inputs for the asset or liability that reflect the reporting entity's own estimates about the assumptions that market participants would use in pricing the asset or liability.

(e) Pledges Receivable, Net

Pledges receivable represent promises from DU supporters to transfer assets to DU in future periods under various major donor programs, which generally provide for payments over one to seven years.

Conditional promises to give are not recognized until the conditions they depend on are substantially met.

(f) Habitat Receivables

Habitat receivables consist of outstanding billings owed to DU by government agencies as well as non-governmental organizations. The billings consist of reimbursable expenses related to habitat delivery projects and other mission related activities allowable within the grant, contracts, or cooperative agreement.

(g) Event Merchandise Inventory

Event merchandise inventory is valued at the lower of cost or net realizable value, using the first-in, first-out method. Slow moving or potentially obsolete inventory items are written down to net realizable value.

(h) Trade Lands

Trade lands are marketable properties acquired, usually through donation or bargain sale, that do not have unprotected or restorable wetlands or waterfowl habitat. These properties may be low in conservation value and are intended to be sold without improvement for the purpose of revenue generation.

(i) Land Held for Conservation Purposes

Land held for conservation purposes includes purchased or donated properties to be sold or transferred to governmental agencies or other individuals and organizations for conservation purposes. Purchased land is stated at the lesser of cost or fair value. Donated properties are initially recorded at their appraised values at the date of contribution and are carried at the lower of this amount or fair value.

(j) Land, Buildings, and Equipment, Net

Land, buildings, and equipment are stated at cost. Expenditures for maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss on retirement or disposal of the individual assets is recorded as revenue or expense.

(Continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	10–40 years
Building improvements	5–15 years
Computer equipment and technology conversion costs	3–5 years
Furnishings and equipment	5–10 years

DU periodically reviews the recoverability of long-lived assets. If facts or circumstances indicate the possibility of impairment, DU will prepare a projection of the undiscounted future cash flows of the specific assets and determine if the recorded value is recoverable or if an adjustment to the carrying value of the assets is necessary. DU does not believe that there were any facts or circumstances that indicated an impairment of recorded land, buildings, or equipment as of June 30, 2024 or 2023.

(k) Leases

In February 2016, FASB issued ASU 2016-02, *Financial Accounting for Leases*, together with its subsequent related amendments in 2018 and 2019, collectively referred to as FASB Accounting Standards Codification (ASC) Topic 842, *Leases* (Topic 842). As of July 1, 2022, DU adopted Topic 842 ("transition date") using the modified retrospective. DU elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification, lease term, and initial direct costs, as well as not to separate non-lease components from lease components and instead account for each as a single lease component for all classes of its assets.

As a result of adopting Topic 842, DU recognized operating lease right-of-use (ROU) assets and corresponding liabilities of $8,387,812 as of July 1, 2022. The adoption of Topic 842 resulted in no material impact to DU's statement of activities or cash flows.

DU is a lessee in several noncancellable operating leases, primarily for office space and small equipment and financing leases, primarily for large equipment and vehicle fleet. DU determines if an arrangement contains a lease at contract inception. If an arrangement is determined to contain a lease, DU recognizes a ROU asset and lease liability at the lease commencement date.

For operating leases, the lease liability is measured at the present value of the unpaid lease payments at the lease commencement date. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases and is subsequently measured at amortized cost using the effective interest method.

The lease term for all of DU's leases includes the noncancellable period of the lease plus any additional periods covered by DU's option to extend (or not to terminate) the lease that DU is reasonably certain to exercise. DU has elected not to recognize ROU assets and lease liabilities for leases with terms of 12 months or less.

Lease payments included in the measurement of the lease liability are comprised of fixed payments and variable lease payments. Variable lease payments associated with DU's leases are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease payments for operating leases are presented as operating expense in DU's consolidated statements of support and revenue without donor restrictions and expenses.

Topic 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease, or if that rate cannot be readily determined, its incremental borrowing rate. Generally, DU cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, DU uses the incremental borrowing rate as the discount rate for leases which is adjusted for lease term.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received. For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term. For finance leases, the ROU asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or the end of the lease term unless the lease transfers ownership of the underlying asset DU or DU is reasonably certain to exercise an option to purchase the underlying asset. In those cases, the ROU asset is amortized over the useful life of the underlying asset. Amortization of the ROU asset is recognized and presented separately from interest expense on the lease liability for finance leases. The ROU asset balance is presented net of amortization.

ROU assets for operating leases are periodically reduced by impairment losses. DU uses the long-lived assets impairment guidance in ASC Subtopic 360-10, *Property, Plant, and Equipment – Overall*, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize. See note 2(j).

DU monitors for events or changes in circumstances that require a reassessment of leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in profit or loss.

Refer to note 9 for further discussion on DU's leases.

(l) Charitable Gift Annuities

DU has received several gifts that, pursuant to the gift agreements, require DU to pay a fixed amount for a specified period of time to the donor or to individuals or organizations designated by the donor. The amount recorded as a contribution at the time the gift is made is the difference between the amount of the gift and the present value of the donor stipulated beneficiary payments to be made by DU as of the date of the gift. DU's liability under these arrangements, which is recorded as a component of other liabilities in the accompanying consolidated balance sheets, is recorded at the net present value of the remaining donor-stipulated payments and is adjusted annually.

(m) Pension and Postretirement Benefit Plans

DU records the overfunded or underfunded status of benefit plans on its consolidated balance sheet. Changes in funded status other than service costs are recognized as other nonoperational changes in net assets in the year in which the change occurs. DU measures the plan at June 30 each year. DU engages a third-party actuary to perform computations necessary to record its pension and postretirement plan-related balances.

On December 31, 2021, DU announced the termination of the Pension Plan, commencing the administrative process to distribute pension assets to the plan participants and to transfer existing annuity contracts to a third-party insurance carrier. Full settlement of the pension plan occurred on June 26, 2023, which resulted in a reversion of assets to DU of approximately $8,400,000. See note 13 for further disclosures of the pension activity and settlement during the year ended June 30, 2023.

(n) Net Assets

DU reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction is satisfied, that is, when a stipulated time restriction expires or program restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

DU classifies donor restricted contributions as support without donor restrictions if those restrictions are satisfied in the same reporting period. DU recognizes contributions of collectibles (for example, works of art or similar assets that are held for public exhibition or education) as support without donor restrictions, unless restricted by the donor.

Net assets with donor restrictions include pledges receivable that are restricted by time and/or purpose restrictions, habitat conservation gifts that are restricted by donor stipulation and unappropriated appreciation on donor restricted endowment funds.

(o) Revenue

(i) Philanthropic and Other Support and Revenues

Contributions and grants from governmental and nongovernmental sources are recognized in the appropriate category of net assets, based on restricted or unrestricted donor stipulations, in the period received. The Organization performs an analysis of contributions and grants to determine if the revenue streams are recognized as a contribution, exchange transaction or conditional gifts. Contributions are recognized as revenue as donor restrictions are satisfied. Conditional gifts and exchange transactions are treated as deferred revenue until the conditions are met or the performance obligation has been satisfied as specified in the agreement.

Event revenue is recognized when the performance obligation is satisfied, which is when the event takes place. Transaction price is based on cost plus contribution. Contributions received in advance are deemed time restricted and are classified as net assets with donor restrictions in the consolidated balance sheet. Memberships and planned giving are contributions recognized upon receipts.

Advertising, corporate licensing and sponsorship contracts are considered exchange transactions and are recognized as the performance obligations are satisfied. Unrecognized revenues are categorized as deferred revenue.

(ii) Mitigation Contracts

DU applies ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and DU has elected to opt out of certain disclosures not required for nonpublic entities.

Mitigation contracts include both in-lieu fee and mitigation banking agreements. The contractual obligations are detailed in the contract and revenue recognition takes place as performance obligations are satisfied. Given the lengthy and integrated nature of mitigation programs, the output method of revenue recognition correlates with the progress made on the project. Conservation lands may be purchased as part of the contract. Conservation lands are purchased and held by WAT until the mitigation project is completed. The disposal or long-term management and protection of the land is typically included in the plan or contract. Any costs incurred at the time of site closure or transfer to a long-term steward will be recognized with the associated revenue as the obligation is fulfilled.

(p) Donated Conservation Easements

Conservation easements represent rights to restrict the use, access, and development of certain properties. Support without donor restrictions and expenses are recognized in equal amounts during the period the easement is secured based upon the appraised value of the easement. DU is obligated to monitor easements to ensure that the restrictions are maintained. DU monitors these easements in the normal course of its operations and associated costs are expensed as incurred.

The estimated fair value of easements is not included in the consolidated balance sheets because the easements do not represent a future economic benefit to the Organization.

DU receives donor restricted endowments to support donated conservation easements in order to provide funding for ongoing monitoring costs in perpetuity.

(q) Donated Educational Programming

DU recognizes the in-kind donation of television airtime for public service announcements (PSAs) that provide education about DU’s program and mission. Support without donor restrictions and expenses are recognized in equal amounts based upon the estimated value of media content and delivery by a third party.

(r) Donor Restricted Endowment Funds

Under the provisions of the State of Tennessee’s version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), organizations are required to maintain and report endowment funds based upon donor intent, whether explicit or implied. Based on its interpretation of the provisions of UPMIFA and a review of underlying endowment agreements, management has determined that reporting the historic dollar value of donor restricted endowments with the related unappropriated investment earnings, as net assets with donor restrictions is appropriate and consistent with the intent of DU’s donors.

(s) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Estimates are used primarily in the recording of the allowance for uncollectible pledges receivable, the discounting of pledges receivable, determining the fair value of certain investments including lands, determining the fair value of gifts-in-kind associated with donated educational programming, donated lands and donated easements, estimates relating to the pension and other postretirement plans and reserves for self-insurance.

(t) Related Party Transactions

DU has continued to support to the conservation efforts of Ducks Unlimited Canada and Ducks Unlimited de Mexico.

(u) Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments,* which significantly changes the way entities recognize impairment of many financial assets by requiring immediate recognition of estimated credit losses expected to occur over their remaining life. In May 2019, the FASB issued ASU 2019-05, *Credit Losses-Targeted Transition Relief,* which provides entities with more flexibility in applying the fair value option on adoption of the credit impairment standard. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, which defers the effective date for the credit losses standard for certain companies and ASU 2019-11, *Codification improvements to Topic 326, Financial Instruments – Credit Losses*, which includes several amendments to the credit losses standard (ASU 2016-13), including amendments to the reporting of expected recoveries. ASU 2016-13, ASU 2019-05 and ASU 2019-11 were effective for DU beginning July 1, 2023. The adoption of ASU 2016-13 resulted in no material impact to DU’s consolidated financial statements.

(v) Reclassifications

The Company has reclassified certain amounts relating to its prior period results to conform to its current period presentation. These reclassifications have not changed the results of operations of prior periods.

(w) Subsequent Events

DU has evaluated events and transactions for potential recognition or disclosure through October 8, 2024, which is the date these consolidated financial statements were available to be issued. No subsequent events were noted.

(3) Fundraising Events

DU raises funds to support its conservation mission through fundraising events in communities throughout the United States. During the years ended June 30, 2024 and 2023, DU volunteers hosted approximately 5,270 and 4,580 grassroots fund-raising events, respectively. Events included member and sponsor banquets, sporting clay and fishing tournaments, golf outings, etc. Chapters are chartered by DU and operate as unincorporated associations to support DU in the local community. Local chapters remit proceeds of these events (net of direct expenses incurred by the chapter in sponsoring and conducting the event) to DU and provide reports of receipts and direct expenses. Because the financial transactions of local committees are controlled by the volunteers, net amounts to be remitted to DU are recorded as event receivables in the accompanying consolidated balance sheets and net proceeds from committee events in the accompanying consolidated statements of support and revenues without donor restrictions and expenses.

The following unaudited gross proceeds and unaudited direct expenses incurred by DU chapters in conducting these events are based on reports provided by the host chapters for each event.

	Year ended June 30	
	2024	**2023**
Gross proceeds reported by DU chapters (unaudited)	$ 161,586,448	146,424,304
Expenses incurred by DU chapters (unaudited)	(59,380,985)	(53,589,794)
Proceeds of events remitted to DU	102,205,463	92,834,510
Less:		
Cost of event merchandise	(37,877,395)	(32,531,017)
State operation allowances	(1,198,460)	(1,051,130)
Net proceeds from events	$ 63,129,608	59,252,363

(4) Investments and Fair Value Measurements

The following tables set forth DU's investments by level within the fair value hierarchy, as of June 30, 2024 and 2023:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Equities:				
Large-cap value	$ 19,506,529	—	—	19,506,529
Large-cap growth	14,047,430	—	—	14,047,430
Large-cap blend	5,217,556	—	—	5,217,556
Small and mid-cap core	21,569,774	—	—	21,569,774
International	6,376,418	—	—	6,376,418
Commodities	2,928,823	—	—	2,928,823
Fixed income	27,875,008	—	—	27,875,008
	$ 97,521,538	—	—	97,521,538
Investments valued under net asset value (NAV):				
Private equity				2,004,761
Hedge funds				11,140,581
Total investments at fair value				$ 110,666,880

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Equities:				
Large-cap value	$ 20,888,959	—	—	20,888,959
Large-cap growth	15,450,145	—	—	15,450,145
Small and mid-cap core	22,845,563	—	—	22,845,563
International	5,330,182	—	—	5,330,182
Commodities	3,422,523	—	—	3,422,523
Real estate	755,300	—	—	755,300
Fixed income	17,396,531	—	—	17,396,531
	$ 86,089,203	—	—	86,089,203
Investments valued under net asset value (NAV):				
Private equity				1,981,846
Hedge funds				10,082,328
Total investments at fair value				$ 98,153,377

In accordance with FASB ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated balance sheets.

Investments in private equity represent funds which invest in illiquid securities from private companies and have limited or no provisions for investor-driven redemption. The table below presents a summary of the fair value, redemption frequency, unfunded commitments, and average life of distribution of hedge fund and private equity investments as of June 30, 2024 and 2023:

	Investment	Fair value	Unfunded commitments	Redemption frequency (if eligible)	Redemption notice period	Expected life span of investment
2024	Private equity	$ 2,004,761	870,400	N/A	N/A	< 10 years
	Hedge funds	11,140,581	—	Quarterly – Semiannually	90 days	Indefinite
2023	Private equity	$ 1,981,846	429,566	N/A	N/A	< 10 years
	Hedge funds	10,082,328	—	Quarterly – Semiannually	90 days	Indefinite

(Continued)

(5) Pledges Receivable, Net

Pledges receivable are summarized as follows at June 30:

	2024	2023
Amounts due:		
Less than 1 year	$ 28,983,184	22,306,204
1 to 5 years	174,841,302	65,715,325
Greater than 5 years	8,751,825	15,991,597
	212,576,311	104,013,126
Less:		
Allowance for uncollectible pledges	(8,421,363)	(6,912,797)
Unamortized present value discount	(1,800,750)	(664,448)
	$ 202,354,198	96,435,881

An allowance is recorded for uncollectible pledges based on management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors. Fair value of pledges receivable is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a rate commensurate with the duration of the donor's payment plan. In subsequent periods, the discount rate is unchanged, and the allowance for uncollectible contributions is reassessed and adjusted if necessary. The discount rate ranges from 2.11% to 4.74% as of June 30, 2024, and 1.56% to 4.64% as of June 30, 2023. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

(6) Land Held for Conservation Purposes

Land held for conservation purposes is as follows at June 30, 2024 and 2023:

	2024		2023	
Location	Acres protected	Carrying value	Acres protected	Carrying value
Arkansas	1,207	$ 3,585,752	1,391	$ 4,305,082
California	558	4,508,481	558	4,473,374
Colorado	236	408,235	336	580,672
Florida	1,307	5,275,000	1,307	5,275,000
Iowa	160	1,081,832	203	1,360,837
Illinois	—	—	63	107,880
Indiana	—	—	267	1,284,286
Kansas	4,416	12,271,783	4,309	11,425,914
Louisiana	3,377	17,159,813	3,377	17,159,814
Michigan	411	2,282,713	—	—
Minnesota	144	1,184,000	218	1,406,000
Missouri	551	4,106,345	—	—
Montana	4,317	2,284,836	2,920	1,033,417
Nebraska	3,323	8,671,253	3,323	8,935,990
New York	1,248	2,104,756	1,310	2,067,979
North Dakota	3,226	3,310,010	3,075	2,339,905
South Carolina	356	963,067	356	963,067
South Dakota	3,388	9,623,093	4,896	14,511,313
Tennessee	163	303,216	163	303,216
Texas	1,767	4,750,000	1,767	4,750,000
Utah	934	2,506,126	—	—
Virginia	1,313	8,667,840	900	5,540,626
Vermont	544	1,158,437	418	687,150
Washington	116	268,644	71	109,422
Wisconsin	215	1,975,915	176	1,306,580
	33,277	$ 98,451,147	31,404	$ 89,927,524

Of the above listed land holdings, the following properties have been deemed long-term holdings of the Organization:

Location	2024 Acres protected		2024 Carrying value	2023 Acres protected		2023 Carrying value
California	242	$	—	242	$	—
Nebraska	1,028		13,712	1,028		13,712
North Dakota	2,640		1,374,576	2,640		1,374,576
	3,910	$	1,388,288	3,910	$	1,388,288

(7) Donated Conservation Easements

In addition to holding land for conservation purposes, DU (through its affiliate WAT) also secures conservation easements, deed restrictions and management agreements on properties. Easement values represent the difference in the appraised value of the property immediately before and after the conservation easements are imposed on the property.

Easement values have been determined by independent third-party appraisals at the time the easement is secured. As discussed in note 2(p), DU recognizes equal amounts of support without donor restrictions and program expense at the time the easement is secured. Conservation easement activity during the years ended June 30, 2024 and 2023 was as follows:

	2024 Acres		2024 Value at date of easement	2023 Acres		2023 Value at date of easement
Donated conservation easements secured during the year	1,506	$	3,559,000	4,402	$	9,471,250

(8) Land, Buildings, and Equipment, Net

Land, buildings, and equipment consist of the following at June 30:

		2024	2023
Land	$	1,405,264	1,405,264
Buildings and improvements:			
Memphis Headquarters		10,075,819	9,877,415
Western Regional Office		1,085,380	1,085,380
Great Plains Regional Office		2,382,811	2,382,811
Heritage Center in Memphis		14,000,000	14,000,000
Computer and technology conversion costs		7,621,009	7,509,445
Furnishings and equipment		19,677,048	16,261,311
		56,247,331	52,521,626
Less accumulated depreciation		(45,283,364)	(41,987,030)
	$	10,963,967	10,534,596

(9) Leases

ASC 842 DU is obligated under finance leases covering certain vehicle fleet, machinery and IT equipment that expire at various dates during the next six years.

DU also has several noncancellable operating leases, primarily for machinery and equipment, and office space that expire over the next five years. These leases generally contain renewal options for periods ranging from two to five years. Because DU is not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term, and associated potential option payments are excluded from lease payments. DU's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments plus, variable payments on some of the office space leases. For office space leases, variable payments include payments for DU's proportionate share of the building's property taxes, insurance, and common area maintenance. DU has elected to discount its lease liabilities using its incremental borrowing rate.

The components of lease expense for the year ended June 30, 2024 and 2023 were as follows:

		2024	2023
Operating lease expense	$	1,255,608	764,204
Finance lease expense:			
Amortization of right of use assets		1,601,237	1,022,509
Interest on lease liabilities		141,937	94,385
Total finance lease expense		1,743,174	1,116,894
Total lease expense	$	2,998,782	1,881,098

Amounts reported in the consolidated balance sheet as of June 30, 2024 and 2023 were as follows:

			2024	2023
Assets:				
Operating	Operating lease right of use asset, net	$	4,839,523	5,302,807
Finance	Machinery and equipment, net		3,228,228	3,081,442
Total right of use assets		$	8,067,751	8,384,249

Operating lease right-of-use assets above are presented net of accumulated amortization of $1,255,608 and $764,204, respectively. Finance lease assets above are presented net of accumulated amortization of $1,601,237 and $1,022,509, respectively.

		2024	2023
Liabilities:			
Operating	$	4,809,457	5,346,536
Finance		2,885,674	2,903,717
Total lease liabilities	$	7,695,131	8,250,253

Maturities of lease liabilities under noncancellable leases as of June 30, 2024 are as follows:

	Operating leases	Finance leases
2025	$ 1,156,892	1,981,411
2026	1,035,592	1,545,065
2027	817,891	547,637
2028	728,587	11,986
2029	2,327,907	6,636
Total undiscounted lease payments	6,066,869	4,092,735
Less imputed interest	(1,257,412)	(1,207,061)
Total lease liabilities	$ 4,809,457	2,885,674
Weighted-average remaining lease term- finance leases	2.20 years	
Weighted-average remaining lease term- operating leases	6.40 years	
Weighted-average discount rate- finance & operating leases	7.00 %	

(10) Liquidity

The Organization's financial assets available for general expenditures within one year of the consolidated balance sheets as of June 30, 2024, and 2023 are as follows:

	2024	2023
Cash and cash equivalents	$ 22,924,139	39,118,813
Restricted cash and cash equivalents	17,345,006	14,667,120
Investments	99,526,299	88,071,048
Events receivable, net	—	158,380
Current pledge receivable, net	28,983,184	22,306,204
Habitat and other receivables	67,295,205	56,785,410
Total financial assets available within one year	236,073,833	221,106,975
Less:		
Amounts unavailable for general expenditure within one year due to:		
Restricted by donors with purpose restrictions	(61,319,188)	(52,844,076)
Restricted by donors in perpetuity*	(61,741,880)	(57,950,335)
Contractual restrictions	(46,344,829)	(42,126,237)
Notes payable – conservation land financing	(8,463,000)	(534,716)
Total amounts unavailable for general expenditure within one year	(177,868,897)	(153,455,364)
Amounts unavailable to management without Board approval:		
Board designated for quasi-endowment*	(31,621,267)	(27,540,267)
Board designated for strategic conservation initiatives	(9,282,124)	(9,282,124)
Total amounts unavailable without Board approval	(40,903,391)	(36,822,391)
Total financial assets available to management for general expenditures within one year	$ 17,301,545	30,829,220

* Net of spend available within one year

As part of the Organization's liquidity management, DU has a policy to structure its financial assets to be available as its general expenditures, liabilities and other general obligations come due. Note payable for conservation lands represents $7,463,000 and $520,750 on June 30, 2024, and 2023, respectively, of seller financing for the purchase of properties within the conservation land portfolio.

DU invests excess cash in short-term investments. To help manage unanticipated liquidity needs, management has an operating line of credit of $15,000,000 of which no amount was drawn as of both June 30, 2024 and 2023. The operating line of credit matures on December 30, 2024 (see note 11).

As of June 30, 2024, excluded from investments are illiquid securities from private companies that have limited or no provisions for investor-driven redemption (note 4).

(11) Lines of Credit and Notes Payable

DU has an operating line of credit agreement (the Credit Agreement) for up to $15,000,000. The borrowing rate on the Credit Agreement is the lesser of the lender's maximum variable rate of interest or the Secured Overnight Financial Rate (SOFR) plus one and thirty-eight hundredths percent (1.38%). The Credit Agreement contains certain restrictions limiting DU's ability to incur additional indebtedness, enter into merger, consolidation, sale, or acquisition activities other than in the normal course of business. The Credit Agreement also prohibits DU from granting any security interest in its inventory, pledges, other receivables, investments, and fixed assets. On October 28, 2021, the Credit Agreement was amended. Under the amendment, the expiration date is October 1, 2024, and has been extended to December 30, 2024. As of June 30, 2024, and June 30, 2023, the borrowing rate was 6.71% and 6.44%, respectively. The outstanding balance under the Credit Agreement was $0 as of June 30, 2024 and 2023.

DU also has a line of credit agreement to finance the acquisition of conservation properties. Under the arrangement, DU may borrow up to $10,000,000 at a rate equal to the lesser of a) the lender's maximum variable rate of interest or b) a rate chosen by the lender. The lender may choose to charge a rate equal to the base commercial rate of interest or the Secured Overnight Financial Rate (SOFR) plus one-hundred and thirty-eight basis points (1.38%). The agreement requires that net assets without donor restrictions be at least $50,000,000 and contains certain restrictions limiting DU's ability to incur additional indebtedness, and enter into merger, consolidation, sale, or acquisition activities other than the normal course of business. The agreement also prohibits DU from granting any security interest in its inventory, pledges, other receivables, investments, and fixed assets. On September 20, 2024 the credit arrangement was extended. Under the extension, the expiration date is December 30, 2024. As of June 30, 2024, and 2023, the borrowing rate was 6.71% and 6.44%, respectively, and the outstanding balance was $4,500,000 and $0, respectively, under this agreement.

On February 16, 2022, DU established a $30,000,000 debt facility to finance the acquisition of larger dollar valued conservation properties. Under the arrangement, DU may borrow up to $30,000,000 at a variable rate – adjusted monthly – equal to the greater of 1) the lender's base rate minus one hundred and thirty-five basis points (1.35%), or 2) 1.9%. The arrangement limits additional indebtedness from seller financing to $5,000,000. The agreement requires that unrestricted net assets remain above $80,000,000 and that cash plus investments not associated with donor-restricted endowments remain above $32,000,000. The total outstanding under this agreement is $2,963,000 and $0 as of June 30, 2024 and 2023, respectively.

DU borrowed $1,000,000 from Richard King Mellon Foundation on December 4, 2023, for mitigation projects which results in the protection and restoration of 1,000 acres of wetlands. The borrowing rate is 1% per annum. The note payable matures on December 4, 2030.

(12) Benefit Plans

DU has a defined benefit pension plan (the Pension Plan), which prior to the suspension of future accruals, effective December 31, 2012, covered all full-time and certain eligible part-time employees. Prior to December 31, 2012, for employees hired prior to January 1, 1998, monthly retirement benefits were calculated as 2% of each employee's average monthly compensation for the highest consecutive 36 months of compensation out of the last 120 months of employment multiplied by their years of service, offset by a percentage of their primary social security benefits. Prior to December 31, 2012, for employees hired on January 1, 1998, through September 30, 2002, monthly retirement benefits were calculated as 1% of each employee's average monthly compensation for the highest consecutive 36 months of compensation out of the last 120 months of employment multiplied by their years of service up to a maximum of 25 years. Additionally, for employees hired on January 1, 1998, through September 30, 2002, the sum of their calculated retirement benefit and primary social security benefit cannot exceed 75% of their average monthly compensation. Employees hired on or after October 1, 2002, receive a cash balance benefit equal to 2% of their annual compensation plus interest based on the 10-year treasury yield. Employees are vested 100% in the plan after five years of service. DU contributes such amounts as are necessary to maintain the plan as a qualified pension plan under the Employee Retirement Income Security Act of 1974, as amended.

On December 31, 2021, DU announced the termination of the Pension Plan thereby commencing the administrative process to distribute pension assets to plan participants and to transfer existing annuity contracts to a third-party insurance carrier. In February 2022, DU filed a notice of plan termination with the Internal Revenue Service and has received a determination on the termination of the Pension Plan. Full settlement of the pension plan occurred on June 26, 2023, which resulted in a reversion of assets to DU of approximately $8,400,000.

DU also sponsors unfunded defined benefit healthcare and life insurance plans (the Postretirement Medical and Life Plans) that provide postretirement benefits to full-time employees who have worked at least 10 years for DU. To qualify for benefits under the health and life insurance plans, employees must have attained ages of at least 62 and 55, respectively, while in service with DU. In April 2009, DU amended the Postretirement Medical and Life Plans to eliminate life insurance benefits provided to retirees; to eliminate retiree health coverage for all current, former, and future employees of DU, except for participants over the age of 58 as of May 1, 2009, or certain senior level management positions held as of May 1, 2009; and to require that retirees pay a portion of the monthly premium cost.

In May 2020, DU offered a one-time healthcare benefit to employees who opted into a voluntary retirement program (VRP) that was offered to eligible employees. As part of the offering, DU agreed to maintain an employee’s current healthcare coverage under the Organization’s existing healthcare plan at no cost to the employee. The employee will receive the benefit until the employee reaches 65 years of age or the employee accepts a compensated role at any nonprofit organization. Per ASU 715, *Compensation – Retirement Benefits* a liability and expense were recognized for the net present value of future healthcare benefits for those employees that signed the program agreement on or before June 30, 2021. During the year ended June 30, 2024, approximately $54,489 of healthcare expenses were recognized within operational expenses compared to approximately $26,000 for year ended June 30, 2023. The liability is reflected within the accrued postretirement benefits line item on the consolidated balance sheet as of June 30, 2024. There were no pension settlements attributable to the VRP offering for the years ended June 30, 2024 and 2023.

Information with respect to the plans was as follows at June 30:

	Pension		Postretirement medical and life	
	2024	**2023**	**2024**	**2023**
Change in benefit obligation:				
Benefit obligation at beginning of the year	$ —	42,012,381	1,051,996	1,428,076
Service cost	—	250,000	—	—
Interest cost	—	1,518,376	52,600	51,768
Special termination benefit	—	—	—	—
Actuarial gain	—	(4,376,046)	(247,781)	(218,822)
Benefits paid	—	(1,053,613)	(180,217)	(209,026)
Settlement	—	(38,158,867)	—	—
Actual expenses paid	—	(192,231)	—	—
Benefit obligation at end of the year	—	—	676,598	1,051,996
Change in plan assets:				
Plan assets at fair value at beginning of the year	—	45,588,892	—	—
Actual return/(loss) on plan assets	—	2,230,742	—	—
Employer contributions	—	—	180,217	209,026
Benefits paid	—	(1,053,613)	(180,217)	(209,026)
Settlement	—	(38,158,867)	—	—
Reversion to employer	—	(8,414,923)	—	—
Actual expenses paid	—	(192,231)	—	—
Plan assets at fair value at end of the year	—	—	—	—
Funded status:				
Benefit obligation in excess of (less than) plan assets	$ —	—	(676,598)	(1,051,996)

Assumptions used in the actuarial determination of the projected benefit obligation were as follows at June 30:

	Pension		Postretirement medical and life	
	2024	2023	2024	2023
Discount rate	N/A	N/A	5.13 %	5.00 %
Expected long-term rate of return on plan assets	N/A	N/A	—	—
Healthcare cost trend rate	—	—	7.00 %	6.25 %

The expected long-term rate of return on plan assets reflects DU's expectations of long-term average rates of return on funds invested to provide benefits included in the projected benefit obligation. In developing the expected long-term rate of return assumption, DU evaluated input from its third-party actuarial and investment firms and considered other factors, including inflation, interest rates, peer data, and historical returns.

The weighted average annual assumed rate of increase in the per capita cost of covered benefits (healthcare cost trend rate) is assumed at 7.0% over the next year and to decrease gradually to 4.04% over the next 50 years and remain level thereafter.

There are no outstanding pension plan assets as of June 30, 2024 and 2023.

Net periodic pension and postretirement benefit and settlement costs, based on actuarial evaluations, comprised the following components for the years ended June 30:

	Pension		Postretirement medical and life	
	2024	2023	2024	2023
Service cost	$ —	250,000	—	—
Interest cost	—	1,518,376	52,600	51,768
Expected return on plan assets	—	(1,804,738)	—	—
Amortization of net actuarial loss (gain)	—	459,213	(107,089)	(26,537)
Net periodic benefit cost	—	422,851	(54,489)	25,231
Settlement expense	—	2,307,673	—	—
	$ —	2,730,524	(54,489)	25,231

At June 30, the items not yet recognized as a component of net periodic expense, but which have been recognized in the accompanying consolidated financial statements as a reduction to net assets, were as follows:

	Pension		Postretirement medical and life	
	2024	**2023**	**2024**	**2023**
Net actuarial loss/(gain)	$ —	—	(557,523)	(416,828)

The June 30, 2024 balances of net actuarial loss/(gain) for the pension and the postretirement medical and life plans expected to be amortized in fiscal 2025 is approximately $107,089 and $212,984, respectively.

Estimated future benefit payments, which have been adjusted to reflect the effect of future service costs, were as follows as of June 30, 2024:

	Pension	**Postretirement medical and life**
Years ending June 30:		
2025	$ —	190,000
2026	—	89,000
2027	—	30,000
2028	—	23,000
2029	—	69,000
2030–2034	—	—

DU may contribute at its discretion to the Postretirement Medical and Life Plan. During the fiscal year ended June 30, 2024, DU contributed $180,217 to the Postretirement Medical and Life Plan. During the fiscal year ended June 30, 2023, DU contributed $209,026 to the Postretirement Medical and Life Plan.

Other Plans

On January 1, 2000, DU offered a defined contribution retirement plan (the 401(k) Plan) that covers all employees. Employer matching contributions to the 401(k) Plan were approximately $2,324,000 and $1,903,000 for the years ended June 30, 2024 and 2023, respectively. Enhanced benefits made to the 401(k) plan were approximately $2,422,000 and $2,188,000 for the years ended June 30, 2024 and 2023, respectively.

In addition to the retirement plans discussed above, DU has entered into other nonqualified deferred compensation plans that provide for increased benefits for certain individuals. DU accrues the expense for these agreements over the estimated service period based on the net present value of future benefits. The discount rate was 5.2% for the year ended June 30, 2024 and 4.9% for the year ended June 30, 2023.

The nonqualified deferred compensation accrual balance as of June 30, 2024 and 2023 was $1,010,339 and $1,066,629, respectively.

(13) Commitments and Contingencies

(a) Litigation

DU is a party to certain litigation and claims in the normal course of conducting its business. Management believes, based in part on consultation with legal counsel, that the ultimate resolution of these matters will not have a material effect on the accompanying consolidated financial statements.

(14) Functional Expenses Including Nonoperational Pension Costs

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of support and revenues without donor restrictions and expenses. Accordingly, certain joint costs such as information technology, insurance and building expenses have been allocated among the programs and supporting services based on usage and square footage.

Functional expenses for the period ended June 30, 2024 were the following:

		Program	Supporting service			
		Conservation and education	Fundraising	Administration	Total supporting service expenses	Total expenses June 30, 2024
Employee compensation and benefits	$	65,668,301	25,752,386	6,540,372	32,292,758	97,961,059
Public and donor relations		1,044,949	2,288,702	107,902	2,396,604	3,441,553
Contract services and professional fees		3,332,199	1,354,721	1,377,675	2,732,396	6,064,595
Information technology		2,622,727	1,171,667	419,106	1,590,773	4,213,500
Travel and meetings		3,150,531	3,398,720	331,111	3,729,831	6,880,362
Interest		479,847	81,863	4,011	85,874	565,721
Equipment, supplies, repairs and depreciation		5,358,728	1,455,631	677,126	2,132,757	7,491,485
Office, occupancy and other expenses		4,122,503	1,920,600	(1,428,520)	492,080	4,614,583
Insurance		5,253	55,138	875,861	930,999	936,252
Membership enrollment premiums		—	4,466,351	—	4,466,351	4,466,351
Postage and shipping		2,929,796	2,682,947	24,530	2,707,477	5,637,273
Printing and publication		2,883,079	1,613,352	12,890	1,626,242	4,509,321
Donated public service announcements		9,050,490	—	—	—	9,050,490
Waterfowl conservation:						
Ducks Unlimited Canada		13,056,500	—	—	—	13,056,500
Ducks Unlimited de Mexico		1,233,497	—	—	—	1,233,497
Habitat development		157,577,455	—	—	—	157,577,455
Conservation easements		3,559,000	—	—	—	3,559,000
Other conservation		192,875	1,473	2,436	3,909	196,784
	$	276,267,730	46,243,551	8,944,500	55,188,051	331,455,781

Functional expenses for the period ended June 30, 2023 were the following:

	Program	Supporting service			
	Conservation and education	Fundraising	Administration	Total supporting service expenses	Total expenses June 30, 2023
Employee compensation and benefits	$ 57,236,555	21,416,669	4,724,953	26,141,622	83,378,177
Public and donor relations	583,985	2,065,708	47,797	2,113,505	2,697,490
Contract services and professional fees	3,942,836	1,315,221	1,978,431	3,293,652	7,236,488
Information technology	3,022,494	1,608,694	430,448	2,039,142	5,061,636
Travel and meetings	2,270,347	2,990,444	569,117	3,559,561	5,829,908
Interest	325,119	—	235	235	325,354
Equipment, supplies, repairs and depreciation	4,254,287	883,999	475,744	1,359,743	5,614,030
Office, occupancy and other expenses	3,747,796	2,467,659		2,467,659	6,215,455
Insurance	33,389	106,543	1,624,781	1,731,324	1,764,713
Membership enrollment premiums	91	4,130,975	—	4,130,975	4,131,066
Postage and shipping	2,594,225	2,408,725	19,709	2,428,434	5,022,659
Printing and publication	2,697,795	1,595,666	10,932	1,606,598	4,304,393
Donated public service announcements	14,703,242	—	—	—	14,703,242
Waterfowl conservation:					
Ducks Unlimited Canada	12,563,686	—	—	—	12,563,686
Ducks Unlimited de Mexico	4,762,205	—	—	—	4,762,205
Habitat development	140,188,352	—		—	140,188,352
Conservation easements	9,471,250	—	—	—	9,471,250
Other conservation	121,509	1,659	3,580	5,239	126,748
	$ 262,519,163	40,991,962	9,885,727	50,877,689	313,396,852

(15) Allocation of Joint Costs

DU conducted events that included conservation education and appeals for contributions that incurred joint costs of $30,968,145 and $27,277,252 for the years ended June 30, 2024 and 2023, respectively, which were allocated as follows:

	2024	2023
Fund-raising	$ 16,031,385	14,708,185
Conservation education	14,936,760	12,033,969
	$ 30,968,145	26,742,154

(16) Net Assets

The components of net assets were as follows at June 30:

	2024	2023
Net assets:		
Without donor restrictions:		
Board designated for revolving land	$ 56,251,280	51,414,791
Board designated quasi endowment	38,848,748	27,615,986
Accumulated surplus	35,078,283	41,508,371
Total net assets without donor restrictions	130,178,311	120,539,148
With donor restrictions:		
Purpose restricted	69,232,509	74,014,167
Time restricted	202,339,697	96,421,380
Donor restricted endowments	66,018,292	60,052,161
Total net assets with donor restrictions	337,590,498	230,487,708
Total net assets	$ 467,768,809	351,026,856

(17) Endowment Funds

DU's donor restricted endowment consists of numerous individual donor gifts, which are grouped into funds based on the donor restriction and does not include any funds designated by the Board of Directors to function as endowments.

Based on the interpretation of UPMIFA by the Board of Directors of DU, and absent explicit donor stipulations to the contrary, DU classifies the original value of gifts donated to the donor restricted endowment, as well as accumulations to the permanent endowment made at the direction of the donor, as net assets with restrictions. The remaining portion of donor restricted endowment fund net earnings are also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by DU's Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA.

DU has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. DU's current policy is to appropriate for distribution each year up to 4.5% of its endowment funds' trailing three-year average fair value as of the calendar year end preceding the fiscal year in which the distribution is planned. Accordingly, endowment assets are invested in a manner that is intended to produce long-term growth sufficient to fund current targeted spending appropriation levels and to maintain the purchasing power of the endowment while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives for endowments, DU 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). DU targets a diversified asset allocation that places emphasis on

(Continued)

investments in equities (approximately 75% weighting) and bond strategies (approximately 25% weighting) to achieve its long-term return objectives within prudent risk constraints.

From time to time, the fair value of assets associated with an individual donor restricted endowment fund may fall below the fund’s original value. Deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies historically have resulted principally from unfavorable market fluctuations. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level are classified as an increase in net assets with donor restrictions. There were no endowment funds with deficiencies as of June 30, 2024 or 2023.

Endowment funds consist of the following as of June 30, 2024:

	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	$ 38,848,748	—	38,848,748
Donor-restricted endowment funds	—	66,018,292	66,018,292
Total funds	$ 38,848,748	66,018,292	104,867,040

Endowment funds consist of the following as of June 30, 2023:

	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	$ 27,615,986	—	27,615,986
Donor-restricted endowment funds	—	60,052,161	60,052,161
Total funds	$ 27,615,986	60,052,161	87,668,147

There were no underwater endowment funds during the years ended June 30, 2024 or 2023.

Changes in endowment funds for the year ended June 30, 2024, are as follows:

		Without donor restrictions*	With donor restrictions**	Total
Endowment funds, June 30, 2023	$	27,615,986	60,052,161	87,668,147
Contributions		9,473,368	1,643,830	11,117,198
Investment return:				
Interest and dividends		569,699	1,217,598	1,787,297
Net appreciation		2,494,172	5,204,579	7,698,751
Total investment return		3,063,871	6,422,177	9,486,048
Appropriation of endowment assets for expenditure		(1,304,477)	(2,099,876)	(3,404,353)
Endowment funds, June 30, 2024	$	38,848,748	66,018,292	104,867,040

Changes in endowment funds for the year ended June 30, 2023, are as follows:

		Without donor restrictions*	With donor restrictions**	Total
Endowment funds, June 30, 2022	$	25,207,767	55,689,359	80,897,126
Contributions		2,093,810	826,665	2,920,475
Investment return:				
Interest and dividends		606,759	1,289,351	1,896,110
Net appreciation		1,863,394	4,397,601	6,260,995
Total investment return		2,470,153	5,686,952	8,157,105
Appropriation of endowment assets for expenditure		(2,155,744)	(2,150,815)	(4,306,559)
Endowment funds, June 30, 2023	$	27,615,986	60,052,161	87,668,147

*Without donor restrictions relates to board designated endowment funds

**With donor restrictions relates to donor restricted endowment funds

Donor restricted endowment net assets for the years ended June 30, 2024, and 2023 ae represented as follows:

		2024	2023
Endowment contributions	$	43,489,720	41,845,890
Unappropriated investment earnings		22,528,572	18,206,271
	$	66,018,292	60,052,161

(18) Nonfinancial Support and Revenues:

Nonfinancial support and revenues for the years ended June 30, 2024 and 2023 included:

		2024	2023
Nonfinancial support and revenues:			
Donated conservation easements	$	3,559,000	9,471,250
Donated educational programming		9,050,490	14,703,242
	$	12,609,490	24,174,492

DU recognized donated conservation easements and donated educational programming as other nonfinancial support and revenues in the accompanying consolidated statements of activities. As described in note 2(p) and 2(q), support without donor restrictions and expenses are recognized in equal amounts based upon the appraised value of the easement or estimated value of the media content.