



DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Financial Statements and Supplementary Information

June 30, 2025 and 2024

(With Independent Auditors' Reports Thereon)

DUCKS UNLIMITED, INC. AND AFFILIATES

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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 (Organization), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, 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, 2025 and 2024, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of support and revenues without donor restrictions and expenses are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Memphis, Tennessee
October 8, 2025

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Balance Sheets

June 30, 2025 and 2024

Assets	2025	2024
Cash and cash equivalents	\$ 47,325,587	22,924,139
Restricted cash	20,526,247	17,345,006
Investments	132,884,331	110,666,880
Event receivables, net	—	—
Pledge receivables, net	161,672,163	202,354,198
Habitat receivables	45,817,646	62,095,598
Magazine and other receivables	10,742,249	5,199,607
Prepaid expenses	10,384,324	6,533,037
Event merchandise inventory	10,308,479	9,548,145
Trade lands	3,082,604	10,258,500
Land held for conservation purposes	86,149,060	98,451,147
Land, buildings, and equipment, net	9,875,968	10,963,967
Right of use assets	8,147,094	8,067,751
Other assets	1,338,646	1,350,989
Total assets	\$ 548,254,398	565,758,964
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 17,514,295	17,750,044
Accrued postretirement benefits	412,000	676,598
Compensation and related accruals	14,067,824	13,132,732
Deferred compensation accruals	972,290	1,010,339
Deferred revenue	40,287,982	46,344,830
Land financing	3,500,000	7,463,000
Lease liabilities	8,541,875	7,695,131
Notes payable	1,000,000	1,000,000
Other liabilities	992,015	2,917,481
Total liabilities	87,288,281	97,990,155
Net assets:		
Without donor restrictions	147,284,107	130,178,311
With donor restrictions	313,682,010	337,590,498
Total net assets	460,966,117	467,768,809
Total liabilities and net assets	\$ 548,254,398	565,758,964

See accompanying notes to consolidated financial statements.

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Statements of Activities

Year ended June 30, 2025

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and losses			
Financial support and revenues	\$ 318,079,565	—	318,079,565
Other nonfinancial support and revenues	31,295,318	—	31,295,318
Major conservation gifts	—	51,079,061	51,079,061
Contributions to donor restricted endowments	—	2,923,565	2,923,565
Investment return on donor restricted endowments, net of appropriation for expenditure	—	4,477,994	4,477,994
Habitat reimbursements	—	2,873,915	2,873,915
Other revenues	—	947,432	947,432
Program restrictions satisfied	83,054,587	(83,054,587)	—
Expiration of time restrictions	<u>3,155,868</u>	<u>(3,155,868)</u>	<u>—</u>
Total revenues, gains, and losses	435,585,338	(23,908,488)	411,676,850
Expenses			
Conservation and education	362,605,942	—	362,605,942
Fundraising	47,269,451	—	47,269,451
Administration	8,694,631	—	8,694,631
Total expenses	418,570,024	—	418,570,024
Other changes in net assets:			
Pension and postretirement benefit liability adjustments other than net periodic costs	<u>90,482</u>	<u>—</u>	<u>90,482</u>
Total other changes in net assets	90,482	—	90,482
Change in net assets	17,105,796	(23,908,488)	(6,802,692)
Net assets, beginning of year	<u>130,178,311</u>	<u>337,590,498</u>	<u>467,768,809</u>
Net assets, end of year	\$ 147,284,107	313,682,010	460,966,117

See accompanying notes to consolidated financial statements.

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Statements of Activities

Year ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and losses			
Financial support and revenues	\$ 266,897,280	—	266,897,280
Other nonfinancial support and revenues	12,609,490	—	12,609,490
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
Program restrictions satisfied	58,162,311	(58,162,311)	—
Expiration of time restrictions	3,285,169	(3,285,169)	—
Total revenues, gains, and losses	340,954,250	107,102,790	448,057,040
Expenses			
Conservation and education	276,267,730	—	276,267,730
Fundraising	46,243,551	—	46,243,551
Administration	8,944,500	—	8,944,500
Total expenses	331,455,781	—	331,455,781
Other changes in net assets:			
Pension and postretirement benefit liability adjustments other than net periodic costs	140,694	—	140,694
Total other changes in net assets	140,694	—	140,694
Change in net assets	9,639,163	107,102,790	116,741,953
Net assets, beginning of year	120,539,148	230,487,708	351,026,856
Net assets, end of year	\$ 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, 2025 and 2024

	2025	2024
Operational revenue:		
Philanthropic financial sources:		
Net proceeds from events	\$ 65,746,593	63,129,608
Direct marketing	9,977,643	11,531,232
Unrestricted major gift	11,603,957	11,628,501
Restricted major gift released	70,965,590	45,787,253
Planned gift maturities	1,500,000	1,500,000
Licensing and sponsorships	<u>3,116,131</u>	<u>2,368,315</u>
Total philanthropic revenue	<u>162,909,914</u>	<u>135,944,909</u>
Governmental reimbursements	178,853,345	140,911,142
Non-governmental funding	39,889,435	35,429,896
Donated conservation easements	<u>15,249,550</u>	<u>3,559,000</u>
Total habitat delivery revenue	<u>233,992,330</u>	<u>179,900,038</u>
Advertising	2,648,407	2,124,092
Donated educational programming	16,045,768	9,050,490
Interest Income	1,299,725	1,288,093
Spend from Investments	3,700,064	4,123,278
Other revenue	<u>99,751</u>	<u>324,519</u>
Total other operational support and revenue	<u>23,793,715</u>	<u>16,910,472</u>
Total operational revenue	<u>420,695,959</u>	<u>332,755,419</u>
Operating expense:		
U.S. habitat delivery	269,957,689	211,984,631
Support for Canadian programs	22,137,717	13,127,182
Support for Mexican programs	1,234,767	1,421,930
Donated conservation easements	<u>15,249,550</u>	<u>3,559,000</u>
Total habitat conservation	<u>308,579,723</u>	<u>230,092,743</u>
Government relations	5,882,719	5,067,727
Communications & publications	12,480,888	12,004,963
Donated educational programming	16,045,768	9,050,490
Education delivery	15,207,791	14,936,760
Membership services	<u>4,409,052</u>	<u>5,115,047</u>
Total conservation education	<u>54,026,219</u>	<u>46,174,987</u>
Total program	<u>362,605,942</u>	<u>276,267,730</u>
Event fundraising	16,895,297	16,031,385
Direct marketing	7,826,265	10,983,863
Development & advertising	<u>22,547,889</u>	<u>19,228,303</u>
Total fundraising	<u>47,269,451</u>	<u>46,243,551</u>
Corporate services & administration	8,694,631	8,287,099
Information Technology	—	—
Non-recurring information technology	<u>—</u>	<u>657,401</u>
Total central support	<u>8,694,631</u>	<u>8,944,500</u>
Total operating expense	<u>418,570,024</u>	<u>331,455,781</u>
Operating surplus	<u>2,125,935</u>	<u>1,299,638</u>
Nonoperational:		
Habitat revolving fund activity	489,667	836,489
Other non-operational activity	1,241,374	129,580
Board-directed endowments	<u>13,158,338</u>	<u>7,232,762</u>
Non-operating surplus	<u>14,889,379</u>	<u>8,198,831</u>
Operating & non-operating surplus	<u>\$ 17,015,314</u>	<u>9,498,469</u>

See accompanying notes to consolidated financial statements.

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (6,802,692)	116,741,953
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Noncash contribution	(981,160)	(1,180,714)
Contributions restricted for investment in endowment and capital items	(2,923,566)	(1,643,830)
Depreciation and Amortization	7,917,057	6,153,190
Loss / (gain) on disposition of conservation lands	642,822	(688,158)
Provision for uncollectible pledges	1,756,164	1,508,566
Net realized and unrealized gains on investments	(11,493,441)	(7,709,092)
Postretirement benefit liability adjustments	(90,482)	(140,695)
Changes in operating assets and liabilities:		
Events receivable, net	—	158,380
Pledges receivable, net	38,925,871	(107,426,883)
Habitat receivables	16,277,952	(14,535,870)
Magazine and other receivables	(5,542,642)	4,026,075
Prepaid expenses	(3,851,287)	(961,880)
Event merchandise inventory	(760,334)	(1,744,188)
Leased assets	(1,227,721)	(1,356,789)
Other assets	12,343	(18,001)
Accounts payable and accrued expenses	(235,749)	(1,680,396)
Deferred revenue	(6,056,848)	4,218,592
Compensation and related accruals	935,092	628,745
Deferred compensation accruals	(38,049)	(56,290)
Accrued postretirement benefits	(174,116)	(234,703)
Other liabilities	(1,925,466)	409,679
Net cash provided by / (used in) operating activities	<u>24,363,748</u>	<u>(5,532,309)</u>
Cash flows from investing activities:		
Purchases of investments	(62,394,071)	(27,234,236)
Proceeds from sale of investments	51,670,061	22,429,825
Building and equipment purchases	(2,522,780)	(3,725,715)
Investments in conservation lands/other	(9,876,105)	(25,678,931)
Proceeds from sales of conservation lands	29,692,426	18,350,290
Net cash provided by / (used in) investing activities	<u>6,569,531</u>	<u>(15,858,767)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted to endowment and capital items	2,923,566	1,643,830
Proceeds from borrowings on line of credit	3,400,000	7,463,000
Proceeds from other borrowings	—	1,000,000
Repayment of lease obligation	(2,311,156)	(1,711,792)
Repayment of line of credit	(7,363,000)	(520,750)
Net cash (used in) / provided by financing activities	<u>(3,350,590)</u>	<u>7,874,288</u>
Net increase / (decrease) in cash and cash equivalents	<u>27,582,689</u>	<u>(13,516,788)</u>
Cash and cash equivalents at beginning of year	<u>40,269,145</u>	<u>53,785,933</u>
Cash and cash equivalents at end of year	<u>\$ 67,851,834</u>	<u>40,269,145</u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 47,325,587	22,924,139
Restricted cash and cash equivalents	20,526,247	17,345,006
	<u>\$ 67,851,834</u>	<u>40,269,145</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 516,473	565,721
Bargain purchase on conservation and trade lands	(981,160)	1,180,714

See accompanying notes to consolidated financial statements.

DUCKS UNLIMITED, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(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" or "Management") 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, 2025 or 2024.

(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, and endowments directed by the board for specific purposes.

(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. Non-federally collateralized cash deposits in excess of federal depository insurance limits were \$12,889,500 and \$5,681,752 at June 30, 2025 and 2024, respectively. DU has

DUCKS UNLIMITED, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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. Non-federally collateralized cash deposits in excess of federal depository insurance limits were \$866,771 and \$1,295,864 at June 30, 2025 and 2024, 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 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.

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.

DUCKS UNLIMITED, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(e) Pledge Receivables, Net

Pledge Receivables 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 as Revenue or Pledge Receivables until conditions are met.

(f) Habitat Receivables

Habitat receivables consist of outstanding billings owed to DU by governmental agencies and non-governmental entities. The billings predominantly consist of reimbursable payments owed to DU for contractual work on habitat delivery projects and related activities.

(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 have limited potential to restore, enhance or protect 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 and donated properties that are acquired because of significant wetlands and waterfowl habitat value. These properties are sold or transferred when restoration and protection goals are met. Acquired land is recorded at appraised value at the date of purchase or contribution and is carried at the lower of this amount or fair value.

(j) Land, Buildings, and Equipment, Net

Land, buildings, and equipment are stated at cost less accumulated depreciation. 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, both the asset and accumulated depreciation amounts are relieved, and the related gain or loss is recorded in the accompanying Consolidated Statement of Activities.

DUCKS UNLIMITED, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Depreciation is computed using the straight-line method over the lesser of the estimated useful lives or remaining lease term (if applicable) 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, 2025 or 2024.

(k) Leases

In February 2016, FASB (Financial Accounting Standards Board) issued ASU (Accounting Standards Update) 2016-02, *Financial Accounting for Leases*, together with its subsequent related amendments in 2018 and 2019, collectively referred to as FASB ASC (Accounting Standards Codification) 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. See Note 9.

(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) Benefit Plans

(i) Post-Retirement Benefit Plans

DU records the overfunded or underfunded status of the post-retirement benefit plans on its consolidated balance sheet. Changes in funded status other than service costs are recognized as other non-operational 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 postretirement plan-related balance. Accrued post-retirement benefits were \$412,000 and \$676,598 as of June 30, 2025 and 2024, respectively.

DUCKS UNLIMITED, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(ii) 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 \$2,718,540 and \$2,324,000 for the years ended June 30, 2025 and 2024, respectively. Enhanced benefits made to the 401(k) plan were approximately \$2,872,073 and \$2,422,000 for the years ended June 30, 2025 and 2024, 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, 2025 and 5.2% for the year ended June 30, 2024.

The nonqualified deferred compensation accrual balance as of June 30, 2025 and 2024 was \$972,290 and \$1,010,339, respectively.

(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 non-governmental sources are recognized in the appropriate category of net assets, based on restricted or unrestricted donor stipulations, in the period received. Contributions and grants are included within financial support and revenues within the consolidated statement of activities. 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. Event revenue is included within financial support and revenues within the

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consolidated statement of activities. 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. These exchange transaction are included within financial support and revenues within the consolidated statement of activities. 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

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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 pledge receivables, the discounting of pledge receivables, 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 easements, estimates relating to the postretirement plans and other reserves.

(t) Related Party Transactions

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

(u) Subsequent Events

DU has evaluated events and transactions for potential recognition or disclosure through October 8, 2025, 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, 2025 and 2024, DU volunteers hosted approximately 5,775 and 5,270 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.

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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	
	2025	2024
Gross proceeds reported by DU chapters (unaudited)	\$ 172,328,091	161,586,448
Expenses incurred by DU chapters (unaudited)	<u>(63,876,737)</u>	<u>(59,380,985)</u>
Proceeds of events remitted to DU	108,451,354	102,205,463
Less:		
Cost of event merchandise	(41,413,479)	(37,877,395)
State operation allowances	<u>(1,291,282)</u>	<u>(1,198,460)</u>
Net proceeds from events	\$ 65,746,593	63,129,608

(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, 2025 and 2024:

	2025			
	Level 1	Level 2	Level 3	Total
Investments:				
Equities:				
Large-cap value	\$ 25,684,056	—	—	25,684,056
Large-cap growth	24,733,807	—	—	24,733,807
Large-cap blend	8,649,203	—	—	8,649,203
Small and mid-cap core	27,070,970	—	—	27,070,970
International	11,595,487	—	—	11,595,487
Commodities	4,019,348	—	—	4,019,348
Fixed income	<u>19,477,269</u>	<u>—</u>	<u>—</u>	<u>19,477,269</u>
	\$ 121,230,140	—	—	121,230,140
Investments valued under net asset value (NAV):				
Private equity				1,059,889
Hedge funds				<u>10,594,302</u>
Total investments at fair value	\$ 132,884,331			

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	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				<u>11,140,581</u>
Total investments at fair value				\$ 110,666,880

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, 2025 and 2024:

	Investment	Fair value	Unfunded commitments	Redemption frequency (if eligible)	Redemption notice period	Expected life span of investment
2025	Private equity	\$ 1,059,889	1,659,937	N/A	N/A	< 10 years
	Hedge funds	10,594,302	1,050,000	Quarterly – Semiannually	90 days	Indefinite
2024	Private equity	\$ 2,004,761	870,400	N/A	N/A	< 10 years
	Hedge funds	11,140,581	—	Quarterly – Semiannually	90 days	Indefinite

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Notes to Consolidated Financial Statements

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(5) Pledge Receivables, Net

Pledge receivables are summarized as follows at June 30:

	2025	2024
Amounts due:		
Less than 1 year	\$ 120,893,044	28,983,184
1 to 5 years	53,704,639	174,841,302
Greater than 5 years	—	8,751,825
	<hr/> 174,597,683	<hr/> 212,576,311
Less:		
Allowance for uncollectible pledges	(10,177,527)	(8,421,363)
Unamortized present value discount	<hr/> (2,747,993)	<hr/> (1,800,750)
	<hr/> \$ 161,672,163	<hr/> 202,354,198

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 approximate average discount rates were 4.50% and 4.49% as of June 30, 2025 and 2024, respectively. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

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(6) Land Held for Conservation Purposes

Land held for conservation purposes is as follows at June 30, 2025 and 2024:

Location	2025		2024	
	Acres protected	Carrying value	Acres protected	Carrying value
Arkansas	1,180	\$ 3,499,132	1,207	\$ 3,585,752
California	558	4,508,481	558	4,508,481
Colorado	236	408,235	236	408,235
Florida	1,307	5,275,000	1,307	5,275,000
Iowa	32	357,217	160	1,081,832
Illinois	292	525,163	—	—
Indiana	40	280,914	—	—
Kansas	4,254	8,387,452	4,416	12,271,783
Louisiana	3,285	17,159,811	3,377	17,159,813
Michigan	214	1,182,713	411	2,282,713
Minnesota	396	3,450,000	144	1,184,000
Missouri	551	4,106,345	551	4,106,345
Montana	2,612	1,080,790	4,317	2,284,836
Nebraska	2,743	6,735,491	3,323	8,671,253
New York	1,215	2,051,412	1,248	2,104,756
North Dakota	3,226	3,310,010	3,226	3,310,010
South Carolina	—	—	356	963,067
South Dakota	2,217	5,560,515	3,388	9,623,093
Tennessee	163	303,216	163	303,216
Texas	1,767	4,750,000	1,767	4,750,000
Utah	934	2,506,126	934	2,506,126
Virginia	1,313	8,667,840	1,313	8,667,840
Vermont	544	1,158,437	544	1,158,437
Washington	71	109,422	116	268,644
Wisconsin	82	775,338	215	1,975,915
	29,232	\$ 86,149,060	33,277	\$ 98,451,147

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Notes to Consolidated Financial Statements

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

Location	2025		2024	
	Acres protected	Carrying value	Acres protected	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
	<u>3,910</u>	<u>\$ 1,388,288</u>	<u>3,910</u>	<u>\$ 1,388,288</u>

(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, 2025 and 2024 was as follows:

	2025		2024	
	Acres	Value at date of easement	Acres	Value at date of easement
Donated conservation easements secured during the year	3,327	\$ 15,249,550	1,506	\$ 3,559,000

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Notes to Consolidated Financial Statements

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(8) Land, Buildings, and Equipment, Net

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

	2025	2024
Land	\$ 1,405,264	1,405,264
Buildings and improvements:		
Memphis Headquarters	10,251,964	10,075,819
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	7,721,524	7,621,009
Furnishings and equipment	<u>21,934,676</u>	<u>19,677,048</u>
	58,781,619	56,247,331
Less accumulated depreciation	<u>(48,905,651)</u>	<u>(45,283,364)</u>
	<u>\$ 9,875,968</u>	<u>10,963,967</u>

(9) Leases

DU also has several noncancelable leases, primarily for vehicle fleet, machinery and equipment, and office space that expire over the next five to nine years. ROU assets and lease liabilities related to finance and operating leases under ASC 842 are recorded at commencement when DU is party to a contract which conveys the right for DU to control an asset for a specified period of time. ROU assets and lease liabilities related to finance and operating leases are recorded separately as finance or operating lease assets and finance or operating lease liabilities, respectively, on the balance sheets as of June 30, 2025 and 2024.

Leases with an initial term of 12 months or less are not recorded on the balance sheet, and the Organization recognizes lease expense for these leases on a straight-line basis over the lease term.

These leases may 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.

The lease liabilities are determined by discounting future lease payments using a discount rate which represents the best estimate of the incremental borrowing rate DU would have to pay to borrow money to finance the asset over the underlying lease term and for an amount equal to the lease payments. Payments due under the lease contracts include fixed payments and may include variable payments, especially for 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.

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The components of lease expense for the year ended June 30, 2025 and 2024 were as follows:

	2025	2024
Operating lease expense	\$ 1,276,373	1,255,608
Finance lease expense:		
Amortization of right of use assets	1,938,085	1,601,237
Interest on lease liabilities	—	141,937
Total finance lease expense	<u>1,938,085</u>	<u>1,743,174</u>
Total lease expense	<u>\$ 3,214,458</u>	<u>2,998,782</u>

Amounts reported in the consolidated balance sheet as of June 30, 2025 and 2024 were as follows:

	2025	2024
Assets:		
Operating	Operating lease right of use asset	\$ 5,300,327
Finance	Machinery and equipment	<u>2,846,767</u>
Total right of use assets	<u>\$ 8,147,094</u>	<u>4,839,523</u>
		3,228,228
Liabilities:		
Operating	\$ 5,694,968	4,809,457
Finance	<u>2,846,907</u>	<u>2,885,674</u>
Total lease liabilities	<u>\$ 8,541,875</u>	<u>7,695,131</u>

DUCKS UNLIMITED, INC. AND AFFILIATES

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Maturities of lease liabilities under noncancelable leases as of June 30, 2025 are as follows:

	Operating leases	Finance leases
2026	\$ 1,291,923	1,888,197
2027	1,223,054	910,571
2028	1,138,459	225,175
2029	947,175	23,094
Thereafter	<u>2,424,857</u>	<u>16,018</u>
 Total undiscounted lease payments	 7,025,468	 3,063,055
Less present value discount	<u>(1,330,500)</u>	<u>(216,148)</u>
 Total lease liabilities	 <u>\$ 5,694,968</u>	 <u>2,846,907</u>
 Weighted-average remaining lease term- operating leases	 6.07 years	
Weighted-average remaining lease term- finance leases	1.83 years	
Weighted-average discount rate- operating & finance leases	7.11 %	

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(10) Liquidity

The Organization's financial assets available for general expenditures within one year of the consolidated balance sheets as of June 30, 2025, and 2024 are as follows:

	2025	2024
Cash and cash equivalents	\$ 47,325,587	22,924,139
Restricted cash and cash equivalents	20,526,247	17,345,006
Investments	132,884,331	99,526,299
Event receivables	—	—
Current pledge receivables	120,893,044	28,983,184
Habitat and other receivables	56,559,895	67,295,205
 Total financial assets available within one year	 378,189,104	 236,073,833
 Less:		
Amounts unavailable for general expenditure within one year due to:		
Restricted by donors with purpose restrictions	(162,579,852)	(61,319,188)
Restricted by donors in perpetuity*	(73,419,851)	(61,741,880)
Contractual restrictions	(59,465,361)	(46,344,829)
 Total amounts unavailable for general expenditure within one year	 (295,465,064)	 (169,405,897)
 Amounts unavailable to management without Board approval:		
Board designated for quasi-endowment*	(52,012,368)	(31,621,267)
Board designated for strategic conservation initiatives	(9,944,962)	(9,282,124)
 Total amounts unavailable without Board approval	 (61,957,330)	 (40,903,391)
 Total financial assets available to management for general expenditures within one year	 \$ 20,766,710	 25,764,545

* 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 \$3,500,000 and \$7,463,000 on June 30, 2025, and 2024, 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, 2025 and 2024. The operating line of credit matures on February 28, 2028 (see note 11).

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As of June 30, 2025, 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, 2024, the Credit Agreement was amended. Under the amendment, the expiration date is February 28, 2028. As of June 30, 2025, and June 30, 2024, the borrowing rate was 5.77% and 6.71%, respectively. The outstanding balance under the Credit Agreement was \$0 as of June 30, 2025 and 2024.

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 October 28, 2024 the credit arrangement was extended. Under the extension, the expiration date is February 28, 2028. As of June 30, 2025, and 2024, the borrowing rate was 5.64% and 6.71%, respectively, and the outstanding balance was \$0 and \$4,500,000, 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 net assets without donor restriction 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 \$3,500,000 and \$2,963,000 as of June 30, 2025 and 2024, 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) Commitments and Contingencies

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.

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Notes to Consolidated Financial Statements

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(13) 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, 2025 were the following:

	Program Conservation and education	Supporting service		Total supporting service expenses	Total expenses June 30, 2025
		Fundraising	Administration		
Employee compensation and benefits	\$ 74,121,555	27,516,133	5,801,526	33,317,659	107,439,214
Public and donor relations	797,002	2,672,624	250,647	2,923,271	3,720,273
Contract services and professional fees	3,577,399	1,441,304	1,141,106	2,582,410	6,159,809
Information technology	2,991,569	893,699	557,616	1,451,315	4,442,884
Travel and meetings	3,651,500	5,045,072	430,642	5,475,714	9,127,214
Interest	513,473	—	3,000	3,000	516,473
Equipment, supplies, repairs and depreciation	5,470,475	397,692	529,822	927,514	6,397,989
Office, occupancy and other expenses	3,591,327	3,295,642	(3,098,314)	197,328	3,788,655
Insurance	2,812	54,988	3,047,054	3,102,042	3,104,854
Membership enrollment premiums	21	1,511,205	—	1,511,205	1,511,226
Postage and shipping	3,096,348	3,979,329	22,041	4,001,370	7,097,718
Printing and publication	2,851,438	453,838	8,141	461,979	3,313,417
Donated public service announcements	16,045,768	—	—	—	16,045,768
Waterfowl conservation:					
Ducks Unlimited Canada	22,137,717	—	—	—	22,137,717
Ducks Unlimited de Mexico	1,234,767	—	—	—	1,234,767
Habitat development	207,084,003	—	—	—	207,084,003
Conservation easements	15,249,550	—	—	—	15,249,550
Other conservation	189,218	7,925	1,350	9,275	198,493
	\$ 362,605,942	47,269,451	8,694,631	55,964,082	418,570,024

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

	Program	Supporting service			Total expenses June 30, 2024
	Conservation and education	Fundraising	Administration	Total supporting service expenses	
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
	<u>\$ 276,267,730</u>	<u>46,243,551</u>	<u>8,944,500</u>	<u>55,188,051</u>	<u>331,455,781</u>

(14) Allocation of Joint Costs

DU conducted events that included conservation education and appeals for contributions that incurred joint costs of \$32,941,065 and \$30,968,145 for the years ended June 30, 2025 and 2024, respectively, which were allocated as follows:

	2025	2024
Fund-raising	\$ 16,895,297	16,031,385
Conservation education	<u>16,045,768</u>	<u>14,936,760</u>
	<u>\$ 32,941,065</u>	<u>30,968,145</u>

DUCKS UNLIMITED, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(15) Net Assets

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

	2025	2024
Net assets:		
Without donor restrictions:		
Board designated for revolving land	\$ 56,740,947	56,251,280
Board designated quasi endowment	52,007,086	38,848,748
Accumulated surplus	<u>38,536,074</u>	<u>35,078,283</u>
Total net assets without donor restrictions	<u>147,284,107</u>	<u>130,178,311</u>
With donor restrictions:		
Purpose restricted	78,604,495	69,232,509
Time restricted	161,657,664	202,339,697
Donor restricted endowments	<u>73,419,851</u>	<u>66,018,292</u>
Total net assets with donor restrictions	<u>313,682,010</u>	<u>337,590,498</u>
Total net assets	<u>\$ 460,966,117</u>	<u>467,768,809</u>

(16) 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

DUCKS UNLIMITED, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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, 2025 or 2024.

Endowment funds consist of the following as of June 30, 2025:

	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	\$ 52,007,086	—	52,007,086
Donor-restricted endowment funds	—	73,419,851	73,419,851
Total funds	\$ 52,007,086	73,419,851	125,426,937

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

There were no underwater endowment funds during the years ended June 30, 2025 or 2024.

DUCKS UNLIMITED, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Changes in endowment funds for the year ended June 30, 2025, are as follows:

	Without donor restrictions*	With donor restrictions**	Total
Endowment funds, June 30, 2024	\$ 38,848,748	66,018,292	104,867,040
Contributions	10,971,022	2,923,565	13,894,587
Investment return:			
Interest and dividends	712,798	1,520,109	2,232,907
Net appreciation	<u>2,642,476</u>	<u>5,427,923</u>	<u>8,070,399</u>
Total investment return	3,355,274	6,948,032	10,303,306
Appropriation of endowment assets for expenditure	<u>(1,167,958)</u>	<u>(2,470,038)</u>	<u>(3,637,996)</u>
Endowment funds, June 30, 2025	<u>\$ 52,007,086</u>	<u>73,419,851</u>	<u>125,426,937</u>

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	<u>2,494,172</u>	<u>5,204,579</u>	<u>7,698,751</u>
Total investment return	3,063,871	6,422,177	9,486,048
Appropriation of endowment assets for expenditure	<u>(1,304,477)</u>	<u>(2,099,876)</u>	<u>(3,404,353)</u>
Endowment funds, June 30, 2024	<u>\$ 38,848,748</u>	<u>66,018,292</u>	<u>104,867,040</u>

*Without donor restrictions relates to board designated endowment funds

**With donor restrictions relates to donor restricted endowment funds

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Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Donor restricted endowment net assets for the years ended June 30, 2025, and 2024 are represented as follows:

	2025	2024
Endowment contributions	\$ 46,413,288	43,489,720
Unappropriated investment earnings	<u>27,006,563</u>	<u>22,528,572</u>
	<u><u>\$ 73,419,851</u></u>	<u><u>66,018,292</u></u>

(17) Nonfinancial Support and Revenues:

Nonfinancial support and revenues for the years ended June 30, 2025 and 2024 included:

	2025	2024
Nonfinancial support and revenues:		
Donated conservation easements	\$ 15,249,550	3,559,000
Donated educational programming	<u>16,045,768</u>	<u>9,050,490</u>
	<u><u>\$ 31,295,318</u></u>	<u><u>12,609,490</u></u>

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.

SUPPLEMENTARY INFORMATION

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidating Balance Sheet Information

June 30, 2025

Assets	Consolidated	Eliminations and Reclassifications	Ducks Unlimited, Inc.	Wetlands America Trust, Inc.	Ducks Unlimited Lands, LLC
Cash and cash equivalents	\$ 47,325,587	—	46,202,867	899,608	223,112
Restricted cash	20,526,247	—	20,526,247	—	—
Investments	132,884,331	—	15,185,859	117,698,472	—
Receivables:					
Pledge receivables, net	161,672,163	—	161,672,163	—	—
Habitat receivables	45,817,646	—	45,817,646	—	—
Magazine & other receivables	10,742,249	—	9,691,244	1,051,005	—
Affiliate	—	(98,805,945)	98,805,945	—	—
Total receivables	218,232,058	(98,805,945)	315,986,998	1,051,005	—
Prepaid expenses	10,384,324	—	9,837,607	546,717	—
Event merchandise inventory	10,308,479	—	10,308,479	—	—
Trade lands	3,082,604	—	—	3,082,604	—
Land held for conservation purposes	86,149,060	—	—	77,760,086	8,388,974
Land, buildings, and equipment, net	9,875,968	—	9,875,968	—	—
Right of use assets	8,147,094	—	8,147,094	—	—
Other assets	1,338,646	—	1,338,646	—	—
Total assets	<u>\$ 548,254,398</u>	<u>(98,805,945)</u>	<u>437,409,765</u>	<u>201,038,492</u>	<u>8,612,086</u>
Liabilities and Net Assets					
Accounts payable and accrued expenses	\$ 17,514,295	—	17,514,295	—	—
Accrued postretirement benefits	412,000	—	412,000	—	—
Compensation and related accruals	14,067,824	—	14,067,824	—	—
Deferred compensation accruals	972,290	—	972,290	—	—
Deferred revenue	40,287,982	—	33,235,010	6,913,130	139,842
Land financing	3,500,000	—	—	3,500,000	—
Lease liabilities	8,541,875	—	8,541,875	—	—
Notes payable	1,000,000	—	1,000,000	—	—
Other liabilities	992,015	—	889,804	102,211	—
Due to affiliate	—	(98,805,945)	—	97,664,680	1,141,265
Total liabilities	<u>87,288,281</u>	<u>(98,805,945)</u>	<u>76,633,098</u>	<u>108,180,021</u>	<u>1,281,107</u>
Net assets:					
Without donor restrictions	147,284,107	—	84,106,197	62,154,553	1,023,357
With donor restrictions	313,682,010	—	276,670,470	30,703,918	6,307,622
Total net assets	<u>460,966,117</u>	<u>—</u>	<u>360,776,667</u>	<u>92,858,471</u>	<u>7,330,979</u>
Total liabilities and net assets	<u>\$ 548,254,398</u>	<u>(98,805,945)</u>	<u>437,409,765</u>	<u>201,038,492</u>	<u>8,612,086</u>

See accompanying independent auditors' report on supplementary information.

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidating Schedule of Support and Revenues Without Donor Restrictions and Expenses
Year ended June 30, 2025

	Consolidated	Eliminations and Reclassifications	Ducks Unlimited, Inc.	Wetlands America Trust	Ducks Unlimited Lands, LLC
Operational revenue:					
Philanthropic financial sources:					
Net proceeds from events	\$ 65,746,593	—	65,746,593	—	—
Direct marketing	9,977,643	—	9,977,643	—	—
Unrestricted major gift use	11,603,957	—	11,231,957	372,000	—
Restricted major gift use	70,965,590	—	70,379,590	586,000	—
Planned gift maturities	1,500,000	—	1,500,000	—	—
Licensing and sponsorships	3,116,131	—	3,116,131	—	—
Total philanthropic revenue	<u>162,909,914</u>	<u>—</u>	<u>161,951,914</u>	<u>958,000</u>	<u>—</u>
Other operational support and revenue:					
Governmental reimbursements	178,853,345	—	178,853,345	—	—
Non-governmental funding	39,889,435	—	39,889,435	—	—
Donated conservation easements	15,249,550	—	—	15,249,550	—
Total habitat delivery revenue	<u>233,992,330</u>	<u>—</u>	<u>218,742,780</u>	<u>15,249,550</u>	<u>—</u>
Advertising	2,648,407	—	2,648,407	—	—
Donated educational programming	16,045,768	—	16,045,768	—	—
Interest income	1,299,725	—	1,384,210	(84,485)	—
Spend from investments	3,700,064	—	3,700,064	—	—
Other revenue	99,751	(490,973)	99,751	490,973	—
Total other operational support and revenue	<u>23,793,715</u>	<u>(490,973)</u>	<u>23,878,200</u>	<u>406,488</u>	<u>—</u>
Total operational revenue	<u>420,695,959</u>	<u>(490,973)</u>	<u>404,572,894</u>	<u>16,614,038</u>	<u>—</u>
Operational expense:					
Program service expenses:					
Wetlands and waterfowl conservation:					
U.S. habitat delivery	269,957,689	(490,973)	269,371,689	1,076,973	—
Support for Canadian programs	22,137,717	—	22,137,717	—	—
Support for Mexican programs	1,234,767	—	1,234,767	—	—
Donated conservation easements	15,249,550	—	—	15,249,550	—
Total habitat conservation	<u>308,579,723</u>	<u>(490,973)</u>	<u>292,744,173</u>	<u>16,326,523</u>	<u>—</u>
Government relations	5,882,719	—	5,882,719	—	—
Communications & publications	12,480,888	—	12,480,888	—	—
Donated educational programming	16,045,768	—	16,045,768	—	—
Educational delivery	15,207,791	—	15,207,791	—	—
Membership services	4,409,052	—	4,409,052	—	—
Total conservation education	<u>54,026,218</u>	<u>—</u>	<u>54,026,218</u>	<u>—</u>	<u>—</u>
Event fundraising	16,895,297	—	16,895,297	—	—
Direct marketing	7,826,265	—	7,826,265	—	—
Development & advertising	22,547,889	—	22,547,889	—	—
Total fundraising	<u>47,269,451</u>	<u>—</u>	<u>47,269,451</u>	<u>—</u>	<u>—</u>
Corporate services & administration	8,694,632	—	8,694,632	—	—
Non-recurring IT	—	—	—	—	—
Total operational expense	<u>418,570,024</u>	<u>(490,973)</u>	<u>402,734,474</u>	<u>16,326,523</u>	<u>—</u>
Operational surplus (deficit)	<u>2,125,935</u>	<u>—</u>	<u>1,838,420</u>	<u>287,515</u>	<u>—</u>
Nonoperational:					
Habitat revolving fund activity	489,667	—	—	460,397	29,270
Other non-operating activity	1,241,374	—	1,241,374	—	—
Board-directed endowments	13,158,338	—	10,032,360	3,125,978	—
Nonoperating surplus (deficit)	14,889,379	—	11,273,734	3,586,375	29,270
Operational & non-operating surplus (deficit)	<u>\$ 17,015,314</u>	<u>—</u>	<u>13,112,154</u>	<u>3,873,890</u>	<u>29,270</u>

See accompanying independent auditors' report on supplementary information.