DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Financial Statements

June 30, 2026 and 2025

(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 (the Organization), which comprise the consolidated balance sheets as of June 30, 2026 and 2025, 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, 2026 and 2025, 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.

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 5, 2026

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Balance Sheets

June 30, 2026 and 2025

Assets		2026	2025
Cash and cash equivalents	$	64,626,415	47,325,587
Restricted cash		39,600,997	20,526,247
Investments		154,699,765	132,884,331
Pledge receivables, net		140,786,805	161,672,163
Habitat receivables		75,108,978	45,817,646
Magazine and other receivables		15,583,935	10,742,249
Prepaid expenses		11,398,713	10,384,324
Event merchandise inventory		11,427,386	10,308,479
Trade lands		2,710,257	3,082,604
Land held for conservation purposes		72,521,218	86,149,060
Land, buildings, and equipment, net		10,205,902	9,875,968
Right of use assets		8,220,667	8,147,094
Other assets		1,400,949	1,338,646
Total assets	$	608,291,987	548,254,398
Liabilities and Net Assets			
Accounts payable and accrued expenses	$	20,442,888	17,514,295
Accrued postretirement benefits		193,429	412,000
Compensation and related accruals		15,911,607	14,067,824
Deferred compensation accruals		918,004	972,290
Deferred revenue		72,493,699	40,287,982
Land financing		—	3,500,000
Lease liabilities		8,619,875	8,541,875
Notes payable		1,000,000	1,000,000
Other liabilities		979,544	992,015
Total liabilities		120,559,046	87,288,281
Net assets:			
Without donor restrictions		167,692,693	147,284,107
With donor restrictions		320,040,248	313,682,010
Total net assets		487,732,941	460,966,117
Total liabilities and net assets	$	608,291,987	548,254,398

See accompanying notes to consolidated financial statements.

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Statements of Activities

Year ended June 30, 2026

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and losses			
Financial support and revenues	$ 306,062,237	—	306,062,237
Other nonfinancial support and revenues	489,128,297	—	489,128,297
Major conservation gifts	—	101,965,425	101,965,425
Contributions to endowments	7,123,345	1,485,987	8,609,332
Investment return on endowments, net of appropriation for expenditure	6,142,652	6,827,779	12,970,431
Habitat revolving fund activity	5,036,845	—	5,036,845
Habitat reimbursements	—	2,096,020	2,096,020
Other revenues	620,927	2,616,726	3,237,653
Program restrictions satisfied	105,741,197	(105,741,197)	—
Expiration of time restrictions	2,892,502	(2,892,502)	—
Total revenues, gains, and losses	922,748,002	6,358,238	929,106,240
Expenses			
Conservation and education	839,764,806	—	839,764,806
Fundraising	50,440,286	—	50,440,286
Administration	11,486,319	—	11,486,319
Total expenses	901,691,411	—	901,691,411
Other changes in net assets:			
Pension and postretirement benefit liability adjustments other than net periodic costs	(648,005)	—	(648,005)
Total other changes in net assets	(648,005)	—	(648,005)
Change in net assets	20,408,586	6,358,238	26,766,824
Net assets, beginning of year	147,284,107	313,682,010	460,966,117
Net assets, end of year	$ 167,692,693	320,040,248	487,732,941

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	$ 303,190,187	—	303,190,187
Other nonfinancial support and revenues	31,295,318	—	31,295,318
Major conservation gifts	—	51,079,061	51,079,061
Contributions to endowments	10,971,021	2,923,565	13,894,586
Investment return on endowments, net of appropriation for expenditure	2,187,316	4,477,994	6,665,310
Habitat revolving fund activity	489,667	—	489,667
Habitat reimbursements	—	2,873,915	2,873,915
Other revenues	1,241,374	947,432	2,188,806
Program restrictions satisfied	83,054,587	(83,054,587)	—
Expiration of time restrictions	3,155,868	(3,155,868)	—
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	90,482	—	90,482
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	130,178,311	337,590,498	467,768,809
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 Support and Revenues Without Donor Restrictions and Expenses

Years ended June 30, 2026 and 2025

	2026	2025
Operational revenue:		
Philanthropic financial sources:		
Net proceeds from events	$ 68,878,560	65,746,593
Direct marketing	12,018,058	9,977,643
Unrestricted major gift	13,047,265	11,603,957
Restricted major gift released	92,895,967	70,965,590
Planned gift maturities	1,500,000	1,500,000
Licensing and sponsorships	3,192,879	3,116,131
Total philanthropic revenue	191,532,729	162,909,914
Governmental reimbursements	163,179,051	178,853,345
Non-governmental funding	51,632,422	39,889,435
Donated conservation easements	478,195,352	15,249,550
Total habitat delivery revenue	693,006,825	233,992,330
Advertising	2,801,743	2,648,407
Donated educational programming	10,932,945	16,045,768
Interest Income	1,598,904	1,299,725
Spend from Investments	3,927,771	3,700,064
Other revenue	23,315	99,751
Total other operational support and revenue	19,284,678	23,793,715
Total operational revenue	903,824,232	420,695,959
Operating expense:		
U.S. habitat delivery	275,874,907	269,957,689
Support for Canadian programs	32,648,993	22,137,717
Support for Mexican programs	1,132,499	1,234,767
Donated conservation easements	478,195,352	15,249,550
Total habitat conservation	787,851,751	308,579,723
Government relations	6,387,919	5,882,719
Communications & publications	12,317,614	12,480,888
Donated educational programming	10,932,945	16,045,768
Education delivery	17,071,946	15,207,791
Membership services	5,202,631	4,409,052
Total conservation education	51,913,055	54,026,219
Total program	839,764,806	362,605,942
Event fundraising	18,246,518	16,895,297
Direct marketing	10,206,109	7,826,265
Development & advertising	21,987,659	22,547,889
Total fundraising	50,440,286	47,269,451
Corporate services & administration	11,486,319	8,694,631
Total central support	11,486,319	8,694,631
Total operating expense	901,691,411	418,570,024
Operating surplus	2,132,821	2,125,935
Nonoperational:		
Habitat revolving fund activity	5,036,845	489,667
Other non-operational activity	620,927	1,241,374
Board-directed endowments	13,265,998	13,158,338
Non-operating surplus	18,923,770	14,889,379
Operating & non-operating surplus	$ 21,056,591	17,015,314

See accompanying notes to consolidated financial statements.

DUCKS UNLIMITED, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities:		
Change in net assets	$ 26,766,824	(6,802,692)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Noncash contribution	(32,247)	(981,160)
Contributions restricted for investment in endowment and capital items	(1,485,987)	(2,923,566)
Depreciation and Amortization	4,442,143	7,917,057
Loss on disposition of conservation lands	1,402,831	642,822
Loss on disposition of fixed assets	59,707	—
Provision for uncollectible pledges	(5,023,221)	1,756,164
Net realized and unrealized gains on investments	(17,848,613)	(11,493,441)
Postretirement benefit liability adjustments	648,005	(90,482)
Changes in operating assets and liabilities:		
Pledges receivable, net	25,908,579	38,925,871
Habitat receivables	(29,291,332)	16,277,952
Magazine and other receivables	(4,841,686)	(5,542,642)
Prepaid expenses	(1,014,389)	(3,851,287)
Event merchandise inventory	(1,118,907)	(760,334)
Lease liabilities	78,000	(1,227,721)
Other assets	(62,303)	12,343
Accounts payable and accrued expenses	2,928,593	(235,749)
Deferred revenue	32,205,717	(6,056,848)
Compensation and related accruals	1,843,783	935,092
Deferred compensation accruals	(54,286)	(38,049)
Accrued postretirement benefits	(866,576)	(174,116)
Other liabilities	(12,471)	(1,925,466)
Net cash provided by operating activities	34,632,164	24,363,748
Cash flows from investing activities:		
Purchases of investments	(70,930,878)	(62,394,071)
Proceeds from sale of investments	66,964,058	51,670,061
Building and equipment purchases	(2,988,346)	(2,522,780)
Investments in conservation lands/other	(29,503,955)	(9,876,105)
Proceeds from sales of conservation lands	42,133,560	29,692,426
Net cash provided by investing activities	5,674,439	6,569,531
Cash flows from financing activities:		
Proceeds from contributions restricted to endowment and capital items	1,485,987	2,923,566
Proceeds from borrowings on line of credit	—	3,400,000
Repayment of lease obligation	(1,917,010)	(2,311,156)
Repayment of line of credit	(3,500,000)	(7,363,000)
Net cash used in financing activities	(3,931,023)	(3,350,590)
Net increase in cash and cash equivalents	36,375,580	27,582,689
Cash and cash equivalents at beginning of year	67,851,834	40,269,145
Cash and cash equivalents at end of year	$ 104,227,414	67,851,834
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	$ 64,626,415	47,325,587
Restricted cash and cash equivalents	39,600,997	20,526,247
	$ 104,227,412	67,851,834
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 286,409	516,473
Bargain purchase on conservation and trade lands	(152,490)	(981,160)

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" 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, 2026 or 2025.

(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 $13,933,013 and $12,889,500 at June 30, 2026 and 2025, 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. Non-federally collateralized cash deposits in excess of federal depository insurance limits were $909,134 and $866,771 at June 30, 2026 and 2025, 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.

(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 moving average cost 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.

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

(Continued)

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, 2026 or 2025.

(k) Leases

DU determines whether an arrangement contains a lease at contract inception. Right-of-use (ROU) assets and lease liabilities are recognized for leases with terms greater than 12 months based on the present value of future lease payments. DU has elected to account for lease and nonlease components as a single lease component for all classes of underlying 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. Accrued post-retirement benefits were $193,429 and $412,000 as of June 30, 2026 and 2025, respectively.

(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 $2,811,781 and $2,718,540 for the years ended June 30, 2026 and 2025, respectively. Enhanced benefits made to the 401(k) plan were approximately $2,868,919 and $2,872,073 for the years ended June 30, 2026 and 2025, 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 5.0% for the year ended June 30, 2026 and 5.2% for the year ended June 30, 2025.

The nonqualified deferred compensation accrual balance as of June 30, 2026 and 2025 was $918,004 and $972,290, 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 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 transactions 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 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) Reclassifications

DU 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.

(v) Subsequent Events

DU has evaluated events and transactions for potential recognition or disclosure through October 5, 2026, 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, 2026 and 2025, DU volunteers hosted approximately 6,062 and 5,775 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	
	2026	**2025**
Gross proceeds reported by DU chapters (unaudited)	$ 184,146,010	172,328,091
Expenses incurred by DU chapters (unaudited)	(68,878,561)	(63,876,737)
Proceeds of events remitted to DU	115,267,449	108,451,354
Less:		
Cost of event merchandise	(45,076,002)	(41,413,479)
State operation allowances	(1,312,887)	(1,291,282)
Net proceeds from events	$ 68,878,560	65,746,593

(Continued)

(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, 2026 and 2025:

	2026			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Equities:				
Large-cap value	$ 28,598,420	—	—	28,598,420
Large-cap growth	29,642,699	—	—	29,642,699
Large-cap blend	8,969,555	—	—	8,969,555
Small and mid-cap core	33,339,223	—	—	33,339,223
International	17,479,948	—	—	17,479,948
Commodities	5,028,918	—	—	5,028,918
Fixed income	19,375,965	—	—	19,375,965
	$ 142,434,728	—	—	142,434,728
Investments valued under net asset value (NAV):				
Private equity				1,281,144
Hedge funds				10,983,893
Total investments at fair value				$ 154,699,765

(Continued)

	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	19,477,269	—	—	19,477,269
	$ 121,230,140	—	—	121,230,140
Investments valued under net asset value (NAV):				
Private equity				1,059,889
Hedge funds				10,594,302
Total investments at fair value				$ 132,884,331

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, 2026 and 2025:

	Investment	**Fair value**	**Unfunded commitments**	**Redemption frequency (if eligible)**	**Redemption notice period**	**Expected life span of investment**
2026	Private equity	$ 1,281,144	1,394,179	N/A	N/A	< 10 years
	Hedge funds	10,983,893	750,000	Quarterly – Semiannually	90 days	Indefinite
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

(Continued)

(5) Pledge Receivables, Net

Pledge receivables are summarized as follows at June 30:

	2026	2025
Amounts due:		
Less than 1 year	$ 92,609,147	120,893,044
1 to 5 years	53,795,794	53,054,818
Greater than 5 years	2,284,163	649,821
	148,689,104	174,597,683
Less:		
Allowance for uncollectible pledges	(2,881,589)	(10,177,527)
Unamortized present value discount	(5,020,710)	(2,747,993)
	$ 140,786,805	161,672,163

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 range of rates used to discount the pledges was 4.26% to 4.63%. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

(Continued)

(6) Land Held for Conservation Purposes

Land held for conservation purposes is as follows at June 30, 2026 and 2025:

Location	2026 Acres protected	2026 Carrying value	2025 Acres protected	2025 Carrying value
Arkansas	1,514	$ 5,006,817	1,180	3,499,132
California	558	4,508,481	558	4,508,481
Colorado	237	506,688	236	408,235
Florida	—	—	1,307	5,275,000
Iowa	—	—	32	357,217
Illinois	1,266	2,033,033	292	525,163
Indiana	183	802,005	40	280,914
Kansas	3,425	10,432,956	4,254	8,387,452
Louisiana	—	—	3,285	17,159,811
Michigan	160	804,713	214	1,182,713
Minnesota	314	2,510,000	396	3,450,000
Missouri	551	4,106,345	551	4,106,345
Montana	2,612	1,080,790	2,612	1,080,790
Nebraska	3,195	6,507,431	2,743	6,735,491
New York	1,305	2,672,724	1,215	2,051,412
North Dakota	2,906	3,034,681	3,226	3,310,010
South Dakota	1,377	5,250,716	2,217	5,560,515
Tennessee	163	303,216	163	303,216
Texas	3,893	7,547,835	1,767	4,750,000
Utah	—	—	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	71	109,422
Wisconsin	2,029	5,477,088	82	775,338
	27,616	$ 72,521,218	29,232	86,149,060

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

Location	2026 Acres protected	2026 Carrying value	2025 Acres protected	2025 Carrying value
California	242	$ —	242	—
Nebraska	—	—	1,028	13,712
North Dakota	2,640	1,374,576	2,640	1,374,576
	2,882	$ 1,374,576	3,910	1,388,288

(Continued)

(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, 2026 and 2025 is listed below. A significant portion of the year-over-year increase represents a single easement.

	2026		2025	
	Acres	Value at date of easement	Acres	Value at date of easement
Donated conservation easements secured during the year	9,464	$ 478,195,352	3,327	15,249,550

(8) Land, Buildings, and Equipment, Net

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

	2026	2025
Land	$ 1,405,264	1,405,264
Buildings and improvements:		
Memphis Headquarters	10,762,648	10,251,964
Western Regional Office	1,085,380	1,085,380
Great Plains Regional Office	2,462,051	2,382,811
Heritage Center in Memphis	14,000,000	14,000,000
Computer and technology conversion costs	7,721,524	7,721,524
Furnishings and equipment	24,130,479	21,934,676
Construction in progress	116,548	—
	61,683,894	58,781,619
Less accumulated depreciation	(51,477,992)	(48,905,651)
	$ 10,205,902	9,875,968

(9) Leases

DU has noncancellable leases, primarily for vehicle fleet, machinery and equipment, and office space that expire over the next nine years. ROU assets and lease liabilities related to finance and operating leases 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, 2026 and 2025.

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

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 or related lease payments. DU's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants.

Lease liabilities are measured at the present value of future lease payments using DU's estimated incremental borrowing rate at lease commencement. Payments due under the lease contracts include fixed payments and may include variable payments. Variable payments may include payments for DU's proportionate share of the building's property taxes, insurance, and common area maintenance.

The components of lease expense for the year ended June 30, 2026 and 2025 were as follows:

		2026	2025
Operating lease expense	$	1,392,438	1,276,373
Finance lease expense:			
Amortization of right of use assets		1,917,009	1,938,085
Total finance lease expense		1,917,009	1,938,085
Total lease expense	$	3,309,447	3,214,458

Amounts reported in the consolidated balance sheet as of June 30, 2026 and 2025 were as follows:

			2026	2025
Assets:				
Operating	Operating lease right of use asset	$	5,470,131	5,300,327
Finance	Machinery and equipment		2,750,536	2,846,767
Total right of use assets		$	8,220,667	8,147,094
Liabilities:				
Operating		$	5,869,182	5,694,968
Finance			2,750,693	2,846,907
Total lease liabilities		$	8,619,875	8,541,875

(Continued)

Maturities of lease liabilities under noncancellable leases as of June 30, 2026 are as follows:

		Operating leases	Finance leases
2027	$	1,405,076	1,741,562
2028		1,311,284	1,184,147
2029		1,077,128	365,402
2030		1,012,422	439
Thereafter		2,248,193	—
Total undiscounted lease payments		7,054,103	3,291,550
Less present value discount		(1,184,921)	(540,857)
Total lease liabilities	$	5,869,182	2,750,693
Weighted-average remaining lease term- operating leases		5.93 years	
Weighted-average remaining lease term- finance leases		2.15 years	
Weighted-average discount rate- operating & finance leases		6.80 %	

(Continued)

(10) Liquidity

The Organization's financial assets available for general expenditures within one year of the consolidated balance sheets as of June 30, 2026, and 2025 are as follows:

	2026	2025
Cash and cash equivalents	$ 64,626,415	47,325,587
Restricted cash and cash equivalents	39,600,997	20,526,247
Investments	154,699,765	132,884,331
Current pledge receivables	92,609,147	120,893,044
Habitat and other receivables	90,692,913	56,559,895
Total financial assets available within one year	442,229,237	378,189,104
Less:		
Amounts unavailable for general expenditure within one year due to:		
Restricted by donors with purpose restrictions	(171,368,136)	(162,579,852)
Restricted by donors in perpetuity*	(81,733,617)	(73,419,851)
Contractual restrictions	(75,152,675)	(59,465,361)
Total amounts unavailable for general expenditure within one year	(328,254,428)	(295,465,064)
Amounts unavailable to management without Board approval:		
Board designated for quasi-endowment*	(65,273,084)	(52,012,368)
Board designated for strategic conservation initiatives	(9,631,887)	(9,944,962)
Total amounts unavailable without Board approval	(74,904,971)	(61,957,330)
Total financial assets available to management for general expenditures within one year	$ 39,069,838	20,766,710

* 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 $0 and $3,500,000 on June 30, 2026, and 2025, 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, 2026 and 2025. The operating line of credit matures on February 28, 2028 (see note 11).

As of June 30, 2026, 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, 2026, and June 30, 2025, the borrowing rate was 5.03% and 5.77%, respectively. The outstanding balance under the Credit Agreement was $0 as of June 30, 2026 and 2025.

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, 2026 and 2025, the borrowing rate was 4.90% and 5.64%, respectively. The outstanding balance under the Credit Agreement was $0 as of June 30, 2026 and 2025.

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 expiration date is February 16, 2027. The total outstanding under this agreement is $0 and $3,500,000 as of June 30, 2026 and 2025, 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.

(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, 2026 were the following:

	Program	Supporting service			
	Conservation and education	Fundraising	Administration	Total supporting service expenses	Total expenses June 30, 2026
Employee compensation and benefits	$ 79,966,068	28,985,868	7,641,695	36,627,563	116,593,631
Public and donor relations	846,094	3,183,229	86,945	3,270,174	4,116,268
Contract services and professional fees	4,533,427	1,560,395	912,151	2,472,546	7,005,973
Information technology	3,300,419	995,421	722,346	1,717,767	5,018,186
Travel and meetings	4,254,495	4,654,495	462,264	5,116,759	9,371,254
Interest	279,914	—	6,494	6,494	286,408
Equipment, supplies, repairs and depreciation	4,204,480	438,648	650,559	1,089,207	5,293,687
Office, occupancy and other expenses	3,201,247	1,372,952	670,430	2,043,382	5,244,629
Insurance	1,844,900	1,055,095	303,139	1,358,234	3,203,134
Membership enrollment premiums	333	3,908,986	—	3,908,986	3,909,319
Postage and shipping	3,390,218	2,212,774	22,983	2,235,757	5,625,975
Printing and publication	3,304,267	2,071,243	7,313	2,078,556	5,382,823
Donated public service announcements	10,932,945	—	—	—	10,932,945
Waterfowl conservation:				-	
Ducks Unlimited Canada	32,648,993	—	—	—	32,648,993
Ducks Unlimited de Mexico	1,132,499	—	—	—	1,132,499
Habitat development	207,269,500	—	—	—	207,269,500
Conservation easements	478,195,352	—	—	—	478,195,352
Other conservation	459,655	1,180	—	1,180	460,835
	$ 839,764,806	50,440,286	11,486,319	61,926,605	901,691,411

(Continued)

Functional expenses for the period ended June 30, 2025 were the following:

	Program	Supporting service			
	Conservation and education	Fundraising	Administration	Total supporting service expenses	Total expenses June 30, 2025
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

(14) Allocation of Joint Costs

DU conducted events that included conservation education and appeals for contributions that incurred joint costs of $29,179,463 and $32,941,065 for the years ended June 30, 2026 and 2025, respectively, which were allocated as follows:

	2026	2025
Fund-raising	$ 18,246,518	16,895,297
Conservation education	10,932,945	16,045,768
	$ 29,179,463	32,941,065

(Continued)

(15) Net Assets

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

	2026	2025
Net assets:		
Without donor restrictions:		
Board designated for revolving land	$ 63,777,792	56,740,947
Board designated quasi endowment	65,273,084	52,007,086
Accumulated surplus	38,641,817	38,536,074
Total net assets without donor restrictions	167,692,693	147,284,107
With donor restrictions:		
Purpose restricted	97,519,824	78,604,495
Time restricted	140,786,807	161,657,664
Donor restricted endowments	81,733,617	73,419,851
Total net assets with donor restrictions	320,040,248	313,682,010
Total net assets	$ 487,732,941	460,966,117

Within Net assets without donor restrictions, $2,000,000 was recharacterized from Accumulated surplus to Board designated for revolving land during the current fiscal year.

(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.

(Continued)

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 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, 2026 or 2025.

Endowment funds consist of the following as of June 30, 2026:

	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	$ 65,273,084	—	65,273,084
Donor-restricted endowment funds	—	81,733,617	81,733,617
Total funds	$ 65,273,084	81,733,617	147,006,701

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

There were no underwater endowment funds during the years ended June 30, 2026 or 2025.

Changes in endowment funds for the year ended June 30, 2026, are as follows:

	Without donor restrictions*	With donor restrictions**	Total
Endowment funds, June 30, 2025	$ 52,007,086	73,419,851	125,426,937
Contributions	7,123,346	1,485,987	8,609,333
Investment return:			
Interest and dividends	1,755,876	1,481,634	3,237,510
Net appreciation	5,862,231	7,798,461	13,660,692
Total investment return	7,618,107	9,280,095	16,898,202
Appropriation of endowment assets for expenditure	(1,475,455)	(2,452,316)	(3,927,771)
Endowment funds, June 30, 2026	$ 65,273,084	81,733,617	147,006,701

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	2,642,476	5,427,923	8,070,399
Total investment return	3,355,274	6,948,032	10,303,306
Appropriation of endowment assets for expenditure	(1,167,958)	(2,470,038)	(3,637,996)
Endowment funds, June 30, 2025	$ 52,007,086	73,419,851	125,426,937

Donor restricted endowment net assets for the years ended June 30, 2026, and 2025 are represented as follows:

	2026	2025
Endowment contributions	$ 47,899,275	46,413,288
Unappropriated investment earnings	33,834,342	27,006,563
	$ 81,733,617	73,419,851

(Continued)

(17) Nonfinancial Support and Revenues:

Nonfinancial support and revenues for the years ended June 30, 2026 and 2025 included:

	2026	2025
Nonfinancial support and revenues:		
Donated conservation easements	$ 478,195,352	15,249,550
Donated educational programming	10,932,945	16,045,768
	$ 489,128,297	31,295,318

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.