

THE WILDLANDS CONSERVANCY

AUDITED FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Wildlands Conservancy
Oak Glen, California

Opinion

We have audited the accompanying financial statements of The Wildlands Conservancy (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Wildlands Conservancy as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The financial statements of The Wildlands Conservancy for the year ended June 30, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on April 18, 2025.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Wildlands Conservancy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Wildlands Conservancy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Squire & Company, PC

St. George, Utah
February 26, 2026

THE WILDLANDS CONSERVANCY
STATEMENT OF FINANCIAL POSITION

June 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and equivalents	\$ 1,461,368	\$ 228,290
Investments	2,023,058	202,624
Accounts receivable	1,219,594	954,984
Contracts receivable	549,298	690,946
Pledges receivable	322,540	1,191,338
Prepaid expenses	92,377	58,424
Agriculture inventory	584,393	599,523
Notes Receivable	1,532,744	1,844,434
Land acquisitions in progress	733,133	538,559
Land held for resale	18,943,386	17,445,013
Land held for conservation		
Protected by legal instruments	121,143,792	121,143,792
Pending legal instrument protections	76,131,375	83,003,693
Vehicles and equipment	3,434,884	3,015,684
Buildings and improvements	24,536,626	24,072,735
Construction in progress	4,466,591	3,499,636
Accumulated depreciation	(16,762,109)	(15,807,470)
Net depreciable property	<u>15,675,992</u>	<u>14,780,585</u>
Total assets	<u>\$ 240,413,050</u>	<u>\$ 242,682,205</u>

The accompanying notes are an integral part of this financial statement.

THE WILDLANDS CONSERVANCY
STATEMENT OF FINANCIAL POSITION

June 30, 2025 and 2024

	2025	2024
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 751,008	\$ 611,724
Accrued payroll costs	274,094	250,471
Accrued interest payable	288,720	169,626
Contract liabilities	286,401	1,010,744
Notes payable	14,100,000	17,050,000
Total liabilities	<u>15,700,223</u>	<u>19,092,565</u>
Net Assets:		
Without donor restrictions:	219,828,053	219,620,531
With donor restrictions	4,884,774	3,969,109
Total net assets	<u>224,712,827</u>	<u>223,589,640</u>
Total liabilities and net assets	<u>\$ 240,413,050</u>	<u>\$ 242,682,205</u>

The accompanying notes are an integral part of this financial statement.

THE WILDLANDS CONSERVANCY
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	2025
Revenues and support:			
Grants income	\$ 106,823	\$ 2,233,000	\$ 2,339,823
Contributions - noncash	723,946	-	723,946
Contributions - cash	550,218	1,158,366	1,708,584
Lease income	1,672,623	-	1,672,623
Royalty income	1,475,089	-	1,475,089
Contract revenue	1,462,482	-	1,462,482
Gain on sale of agriculture	534,926	-	534,926
Forestry projects	117,688	-	117,688
In-kind services	19,363	-	19,363
Gain on sale of assets	3,218,305	-	3,218,305
Investment income	118,806	-	118,806
Other income	327,568	-	327,568
Insurance proceeds	167,215	-	167,215
Net assets released from restrictions	2,475,701	(2,475,701)	-
Total revenues and support	12,970,753	915,665	13,886,418
Expenses:			
Program services	10,855,581	-	10,855,581
Supporting services:			
Management and general	1,228,705	-	1,228,705
Fundraising	678,945	-	678,945
Total expenses	12,763,231	-	12,763,231
Change in Net Assets	207,522	915,665	1,123,187
Net Assets at Beginning of Year	219,620,531	3,969,109	223,589,640
Net Assets at End of Year	\$ 219,828,053	\$ 4,884,774	\$ 224,712,827

The accompanying notes are an integral part of this financial statement.

THE WILDLANDS CONSERVANCY
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	2024
Revenues and support:			
Grants income - land acquisitions	\$ 34,662,986	\$ 3,412,014	\$ 38,075,000
Grants income - general	1,933,203	-	1,933,203
Contributions - noncash	18,526,929	-	18,526,929
Contributions - cash	611,644	1,804,792	2,416,436
Lease income	1,566,904	-	1,566,904
Royalty income	1,331,282	-	1,331,282
Contract revenue	863,438	-	863,438
Gain on sale of agriculture	486,020	-	486,020
Forestry projects	277,545	-	277,545
In-kind services	151,364	-	151,364
Gain on sale of assets	128,070	-	128,070
Investment income	103,954	-	103,954
Other income	106,646	-	106,646
Insurance proceeds	25,614	-	25,614
Net assets released from restrictions	4,885,156	(4,885,156)	-
	<u>65,660,755</u>	<u>331,650</u>	<u>65,992,405</u>
Expenses:			
Program services	9,972,381	-	9,972,381
Supporting services:			
Management and general	1,107,120	-	1,107,120
Fundraising	562,635	-	562,635
	<u>11,642,136</u>	<u>-</u>	<u>11,642,136</u>
Change in Net Assets	54,018,619	331,650	54,350,269
Net Assets at Beginning of Year	<u>165,601,912</u>	<u>3,637,459</u>	<u>169,239,371</u>
Net Assets at End of Year	<u>\$ 219,620,531</u>	<u>\$ 3,969,109</u>	<u>\$ 223,589,640</u>

The accompanying notes are an integral part of this financial statement.

THE WILDLANDS CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2025 and 2024

June 30, 2025

	<u>Conservancy Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages and benefits	\$ 3,864,093	\$ 718,625	\$ 264,344	\$ 4,847,062
Utilities, maintenance and supplies	1,760,472	-	-	1,760,472
Depreciation	934,005	173,701	63,895	1,171,601
Property taxes	855,203	-	-	855,203
Office and supplies	511,349	77,622	253,434	842,405
Loan interest	379,595	170,000	-	549,595
Consulting and professional fees	1,408,215	42,458	80,241	1,530,914
Insurance	477,249	-	-	477,249
Travel costs	248,951	46,299	17,031	312,281
Outdoor education	36,694	-	-	36,694
Grants	379,755	-	-	379,755
Total expenses	<u>\$ 10,855,581</u>	<u>\$ 1,228,705</u>	<u>\$ 678,945</u>	<u>\$ 12,763,231</u>

June 30, 2024

	<u>Conservancy Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages and benefits	\$ 3,744,332	\$ 679,729	\$ 249,094	\$ 4,673,155
Utilities, maintenance and supplies	1,992,869	-	-	1,992,869
Depreciation	888,735	161,337	59,124	1,109,196
Property taxes	962,963	-	-	962,963
Office and supplies	415,057	71,547	219,953	706,557
Loan interest	532,639	113,333	-	645,972
Consulting and professional fees	449,039	36,107	17,949	503,095
Insurance	457,610	-	-	457,610
Travel costs	248,260	45,067	16,515	309,842
Outdoor education	158,458	-	-	158,458
Grants	122,419	-	-	122,419
Total expenses	<u>\$ 9,972,381</u>	<u>\$ 1,107,120</u>	<u>\$ 562,635</u>	<u>\$ 11,642,136</u>

The accompanying notes are an integral part of this financial statement.

THE WILDLANDS CONSERVANCY
STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,123,187	\$ 54,350,269
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Gain) loss on sale of assets and agriculture	\$ (3,753,231)	(614,090)
Depreciation expense	1,171,601	1,039,109
Unrealized (gains) losses on investments	(3,035)	-
Contributions - noncash	(723,946)	(18,526,929)
In-kind services	-	(151,364)
Changes in operating assets and liabilities:		
Accounts receivable	(264,610)	(63,547)
Contracts receivable	141,648	(443,497)
Pledges receivable	868,798	(1,191,338)
Prepaid expenses	(28,829)	2,310
Agriculture inventory	550,056	(69,451)
Accounts payable	139,284	11,151
Accrued payroll costs	18,498	12,200
Accrued interest payable	119,094	157,327
Contract liabilities	(724,343)	991,694
Total adjustments	<u>(2,489,015)</u>	<u>(18,846,425)</u>
Net cash provided (used) by operating activities	(1,365,828)	35,503,844
Cash Flows from Investing Activities:		
Purchase of investments	(4,021,487)	-
Proceeds from sale of investments	2,278,035	2,346,081
Purchase of land, property, and equipment	(3,109,408)	(46,620,016)
Proceeds from sale of land, property, and equipment	10,027,576	293,875
Collections (advances) on notes receivable	374,190	(374,190)
Net cash provided (used) by investing activities	<u>5,548,906</u>	<u>(44,354,250)</u>
Cash Flows from Financing Activities:		
Proceeds from borrowing	1,150,000	10,100,000
Repayments of notes payable	(4,100,000)	(1,500,000)
Net cash provided (used) by financing activities	<u>(2,950,000)</u>	<u>8,600,000</u>
Net Change in Cash	1,233,078	(250,406)
Cash at Beginning of Year	<u>228,290</u>	<u>478,696</u>
Cash at End of Year	<u>\$ 1,461,368</u>	<u>\$ 228,290</u>

The accompanying notes are an integral part of this financial statement.

THE WILDLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND OTHER MATTERS

The Wildlands Conservancy (TWC and the Conservancy) is a nonprofit corporation organized in California in September 1995. The Conservancy's dual mission is to preserve the beauty and biodiversity of the Earth and to provide programs so that children may know the wonder and joy of Nature.

Program Descriptions

Preserve Stewardship: Managing the largest nonprofit nature preserve system on the West Coast, comprising 25 preserves encompassing nearly 210,000 acres of diverse landscapes that are held in fee. The Conservancy believes that access to nature is a birthright and preserves, which host more than 1.5 million visitors annually, are open to the public free of charge for passive recreation, including camping, hiking, picnicking, birding, field studies, and more.

The Conservancy employs a staff of friendly and knowledgeable rangers and stewards who engage with visitors while stewarding the land and maintaining outdoor education sites. Each year, they work side-by-side with hundreds of volunteers who log thousands of hours restoring and maintaining these unique and important properties.

Providing outdoor environmental education: Since 1998, the Conservancy has been Southern California's nonprofit leader in providing free outdoor education programs to more than 1.3 million youth from underserved and economically disadvantaged communities. An educational journey begins the moment a child connects with nature, exploring the outdoors and beginning to wonder and think far beyond the textbook. After a quality outdoor learning experience, children return home with a new understanding and indelible memory of their place in the world.

Annually, more than 80,000 youth participate in educational opportunities at a Conservancy preserve, from self-guided exploration through interactive interpretive signage to naturalist-guided field trips and family programs.

Land Conservation and Rewilding: Since its founding in 1995, The Wildlands Conservancy has protected more than 2.3 million acres of public and private lands through advocacy and acquisition, safeguarding ecological connectivity and preserving vast natural landscapes across the American West. Owning land in fee allows the Conservancy to pursue its deepest conservation vision: free outdoor education and public access, active restoration of native habitats, re-wilding species, and stewarding these lands in ways that allow forests, grasslands, and other ecosystems to regenerate naturally. This approach not only supports biodiversity but also strengthens the ability of these landscapes to store carbon, improve watershed health, and be resilient in the face of a rapidly changing climate.

THE WILDLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICES

Revenue Recognition

The Conservancy presents its financial statements and recognizes revenues in accordance with accounting principles generally accepted in the United States of America (GAAP), which provide guidance for reporting information about financial position and activities for nonprofit organizations. The following is a summary of revenue recognition methodologies used by the Conservancy in conformity with GAAP.

Contracts with Funding Agencies: Revenue from contracts with federal, state, and local funding agencies is recognized when qualifying costs are incurred for cost-reimbursement contracts or when units of service are provided for performance contracts. Revenue from contracts with funding agencies is recognized using a principles-based five-step framework that is intended to create consistency and comparability across entities and industries.

The transaction price is stated in each contract and is satisfied over time, generally by monthly billings over the one-year contract period. Significant judgments about these revenues involve 1) determining that a cost allowable under the contract has been incurred, and 2) determining that the cost relates to a period covered by the contract. Both of these performance obligations must be satisfied before the funding agency can be billed for reimbursement, and revenue is recognized when the funding agency is billed. Contract reimbursements are subject to review by funding agencies, and some costs may be disallowed.

Service Fees: The Conservancy recognizes service fee revenue in the period when the services are provided and when the amount and certainty of the fee can be determined.

Contributions: GAAP requires that information about financial position and activities be reported in two net asset classes: with donor restrictions and without donor restrictions. Net assets with donor restrictions may be either temporarily or permanently restricted. Contributions without donor restrictions are recognized when received. Contributions restricted by the donor are presented as increases in net assets with donor restrictions, depending on the nature of the donor-imposed restriction. When temporary restrictions are satisfied, the restricted net assets are reclassified to net assets without donor restrictions and reported in the activity statement as net assets released from restrictions. When a restriction is satisfied in the same year the contribution is received, the contribution is reported as unrestricted.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that may affect assets, liabilities, revenues, and expenses at the reporting date and during the period. Actual results could differ from those estimates.

Donated Services

Approximately 900 volunteers have donated significant time and service to advance the charitable purposes of the Conservancy. The value of these donated services has not been recognized in the financial statements because no objective basis is available to measure the value of those services.

Depreciation Methods

Property and equipment are presented at cost and are depreciated by the straight-line method over estimated useful lives of 30 to 40 years for buildings and improvements and five to seven years for equipment and vehicles. The Conservancy's policy is to capitalize purchases in excess of \$5,000.

THE WILDLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents

For purposes of the cash flow statement, the Conservancy considers all temporary cash investments with original maturities of three months or less to be cash equivalents.

Valuation of Receivables

Accounts and contracts receivable consist of amounts due from royalties, leases, contract income, and other sources and are considered by management to be fully collectible. Pledges receivable are due from two private donors, to be received in the next year, and are considered by management to be fully collectible.

Fair Value Measurements

Generally accepted accounting principles (GAAP) provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

- Level 1 inputs – quoted prices in active markets for identical assets
- Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets
- Level 3 inputs – estimated using the best information available when there is little or no market

The Conservancy is required to measure certain types of assets and the related revenues at fair value, most commonly contributions of real estate and investments. The fair value of donated land is based on qualified appraisals, and the fair value of investments is described in Note 7.

Functional Expense Reporting

The costs of providing the Conservancy's programs and services have been summarized on a functional basis in the statement of functional expenses. Based on management estimates and an allocation plan, costs are allocated between programs and supporting services as they relate to those functions. The allocation of costs depends on the nature of the cost, the reason the cost is incurred, and the benefit received by each function. A summary of allocated costs and the basis for allocation include the following:

- Payroll and related costs – based on time and effort
- Depreciation – based on asset usage by square foot
- Occupancy, insurance and repairs – based on usage and square footage
- Supplies – based on function and usage
- Communications and services – based on function and usage

Income Taxes

The Conservancy is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Tax Code, so no provision is made for current or deferred income tax expense. Annual information returns are filed with federal and state taxing agencies, and the accounting methods for such filings are the same as those used for financial reporting.

THE WILDLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - ACCOUNTS AND CONTRACTS RECEIVABLE

	<u>2025</u>	<u>2024</u>
<u>Accounts Receivable</u> consist of the following:		
Lease Agreements	\$ 524,734	\$ 515,169
Livestock Operations	491,868	431,973
Refunds and Reimbursements	202,992	7,842
	<u>\$1,219,594</u>	<u>\$ 954,984</u>
<u>Contracts Receivable</u> consist of the following:		
California Department of Transportation	\$ 139,691	\$ 230,517
California Department of Forestry and Fire Protection (CalFire)	215,826	294,597
US Government Agencies	4,605	60,982
Other Grants	189,176	104,850
Total Contracts Receivable	<u>\$ 549,298</u>	<u>\$ 690,946</u>

NOTE 4 - PLEDGES RECEIVABLE

During the previous year, the Conservancy received pledges from two private donors in the total amount of \$1,476,557. One pledge included a payment during the prior year of \$285,219, leaving a balance to be collected in the subsequent year of \$214,781. The second pledge of \$976,557 included a promise to be paid in full in the subsequent year, the balance of pledges receivable at June 30, 2024, was \$1,191,338.

In the current year, payments were received on the first pledge of \$179,425, leaving a balance to be collected in the subsequent year of \$35,356. Payments were received on the second pledge in the amount of \$689,373, leaving a balance to be collected in the subsequent year of \$287,184. The balance of pledges receivable at June 30, 2025 was \$322,540.

NOTE 5 - NOTES RECEIVABLE

In December 2022, the Conservancy issued an amended note to an individual in the amount of \$1,470,244 for the purchase of property in Yucaipa. The note is secured with a first deed of trust. The note bears interest at 5% per annum, and the interest is to be paid in monthly installments of \$6,134. The note will mature in August 2033, with the unpaid balance due at the end of the term.

In May 2024, the Conservancy issued a note to an individual in the amount of \$850,000 as part of the sale of property in Oak Glen. The note is secured by a deed of trust. The note bears interest at 5% per annum. Payment was received in full for the note in June 2025 and a Full Reconveyance was recorded shortly thereafter.

In February 2025, the Conservancy issued a note to an individual in the amount of \$62,500 as part of the sale of property in Pioneertown. The note is secured by a deed of trust. The note bears interest at 7% per annum, and the interest is to be paid in monthly installments of \$365. The note will mature in February 2026, with the unpaid balance due at the end of the term.

THE WILDLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LAND HELD FOR CONSERVATION

Land held for conservation is presented in two categories depending on the status of legal instruments. This follows the land trust community practice of placing legal instruments to permanently protect lands to produce greater conservation outcomes and to obtain funds that take advantage of many public agency programs. This process often takes a number of years during which time lands are held by the land trust. The first category includes lands which are already subject to permanent protective legal instruments. The second category are lands held for future protection by the Conservancy, which is actively seeking permanent protective legal instruments through various funding programs and partnerships.

NOTE 7 - INVESTMENTS

At June 30, 2025, investments consisted of a preferred savings account and the investment in Remnant Ranch LLC, both presented at cost.

Preferred Savings	\$ 1,824,123
Remnant Ranch, LLC	<u>198,935</u>
Total Investments – June 30, 2025	<u>\$ 2,023,058</u>

At June 30, 2024, investments consisted of a preferred savings account and the investment in Remnant Ranch LLC, both presented at cost.

Preferred Savings	\$ 3,689
Remnant Ranch, LLC	<u>198,935</u>
Total Investments – June 30, 2024	<u>\$ 202,624</u>

NOTE 8 - ROYALTY AGREEMENT

In 2009, the Conservancy conveyed land to an unrelated aggregate materials company in exchange for the mineral rights of land previously sold to the same company. The agreement provided that the Conservancy would receive a royalty on all aggregate material mined on the land, as well as on certain other land owned by the company. Revenue from this agreement was \$1,475,089 in 2025 and \$1,331,282 in 2024.

NOTE 9 - CONTRIBUTIONS - NONCASH

During the reporting periods, the Conservancy received the following noncash contributions:

In 2024, donated land in Carmel Valley and Malibu, with fair value determined by appraisal (Level 2 inputs).
In 2024, donated marketable securities, with fair value determined by active markets (Level 1 inputs).

In 2025, donated land in Pioneertown, with fair value determined by appraisal (Level 2 inputs).
In 2025, donated marketable securities, with fair value determined by active markets (Level 1 inputs).

THE WILDLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - ACCRUED PAYROLL COSTS

Accrued payroll costs consist of the following items:	<u>2025</u>	<u>2024</u>
Vacation Pay	\$ 170,436	\$ 168,223
Salaries and Wages	94,314	76,009
Tax and Benefit Withholdings	<u>9,344</u>	<u>6,239</u>
Total Accrued Payroll Costs	<u>\$ 274,094</u>	<u>\$ 250,471</u>

NOTE 11 - CONTRACT LIABILITIES

Contract liabilities from funding sources consist of payments received before performance obligations have been satisfied on government contracts. Deferrals include unearned escrow deposits and advance payments on other contracts. These totaled \$286,401 in 2025 and \$1,010,744 in 2024.

NOTE 12 – AGRICULTURAL PRODUCTS

Grazing is performed on Conservancy Preserves for ecological and non-native vegetation management purposes to advance conservation and restoration of biological diversity.

In March 2021, TWC purchased 14 head of cattle to be grazed at the Beaver Valley Headwaters Preserve.

In December 2021, TWC purchased a 50% interest in a 700-head herd of cattle to be grazed at the Eel River Canyon Preserve.

Revenues from these grazing arrangements are used to pay for the expenses relating to preserve operations. Animal inventory is presented in the asset section of the statement of financial position, and gain on the sale of grazing animals is presented in the revenue section of the statement of activities.

NOTE 13 - PENSION PLAN

The Conservancy has a contributory Section 401(k) pension plan, which covers all full-time and part-time permanent employees who have reached 21 years of age. Contributions to the plan include voluntary payments by employees based on annual salaries, and matching payments by the employer of up to 3% of salaries. The Conservancy contributed \$85,773 in 2025 and \$78,007 in 2024.

NOTE 14 - RELATED PARTY TRANSACTIONS

An organization, whose Director is a Conservancy board member, was paid \$131,389 in 2025 and \$124,896 in 2024 for sponsorships, general operations and program support. Also, the spouse of the Human Resources Director was paid \$249,961 in 2025 and \$481,927 in 2024 for contracting services on multiple projects.

The Conservancy has a note payable to a Board member in the amount of \$2,000,000, discussed in Note 15. The Conservancy also has a Triple Net Lease on a 107-acre property and a 219-acre property purchased by the same Board Member in Coleville, CA. Wildlands has agreements in place to purchase both of these properties in the future when grant funding becomes available to do so.

THE WILDLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS

NOTES 15 - NOTES PAYABLE

Notes payable consist of the following obligations:	<u>2025</u>	<u>2024</u>
A promissory note payable to the Center for Biological Diversity, Secured by Spyrock Reserve, interest free, due in November 2026.	\$ 4,600,000	\$ 4,600,000
A note payable to Curti Ranch LLC / Curti Land LLC, secured by Ranch property, interest at 5%, due in July 2025.	0	2,850,000
A note payable to Guymon Ranch, secured by Ranch property, interest at 5%, due and paid in full in July 2024.	0	100,000
A note payable to Arlin Ranches, LLC, secured by Rana Creek Ranch South, Interest at 5%, due in July 2025.	6,000,000	6,000,000
A note payable to Kisco Cares Foundation, secured by Bearpaw Preserve, interest at 4.43%, due in June 2026.	1,000,000	1,000,000
A line of credit payable to Kisco Cares Foundation, secured by Bearpaw Preserve, interest at 3.88%, due in December 2026.	500,000	500,000
A note payable to Eric Helmlle (a Board member), secured by the North Side Oak Glen Preserve, interest at 5%, due in October 2025.	<u>2,000,000</u>	<u>2,000,000</u>
Total Notes Payable	<u>\$ 14,100,000</u>	<u>\$ 17,050,000</u>

Future maturities of notes payable:

June 30,	
2026	\$ 9,000,000
2027	<u>5,100,000</u>
Total – June 30, 2025	<u>\$ 14,100,000</u>

NOTE 16 - LEASES AS LESSOR

The Conservancy has a number of leases as a lessor, and recent changes in GAAP guidance for leases require the following disclosures:

The Conservancy has an ongoing operating lease as lessor of the Los Rios Rancho property with Riley’s Frontier Events. Lease payments are 5% of Riley’s gross revenues.

The Conservancy has a 5-year cancellable lease as lessor at the Wind Wolves Preserve with Eureka Livestock for vegetation management and agro-ecological purposes. The lease includes language to pay by head per month, and it also includes an option for the lessor to purchase all or a specified portion of the Eureka cattle herd, up to the time of sale of each animal.

The Conservancy has 36 additional operating lease agreements as lessor, many of which were in place at the time of purchase. Some conservancy land is leased or licensed to individuals and organizations that use the land for cattle grazing, hunting, orchards, pipelines, residential rentals, vegetation management, and other agro-ecological purposes. Some of the leases include escalation clauses which are subject to future indexes. Environmental factors such as weather, rain fall, and grass conditions can cause some of the revenue from these leases to be inconsistent and unpredictable.

THE WILDLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - LEASES AS LESSOR (Continued)

Future lease payments expected in the next five years are as follows:

June 30, 2026	1,175,462
June 30, 2027	1,183,853
June 30, 2028	1,189,354
June 30, 2029	1,197,967
June 30, 2030	<u>1,211,197</u>
Total	<u>\$ 5,957,834</u>

NOTE 17 - DONOR RESTRICTIONS

<u>Net assets with donor restrictions</u> consist of the following:	<u>2025</u>	<u>2024</u>
Land Stewardship (purpose restriction)	\$ 989,666	\$ 255,313
Capital Projects (purpose restriction)	3,848,999	3,691,793
Outdoor Education (purpose restriction)	<u>46,109</u>	<u>22,003</u>
Total	<u>\$ 4,884,774</u>	<u>\$ 3,969,109</u>

<u>Net assets released from restriction</u> consist of the following:		
Land Stewardship (purpose restriction satisfied)	\$ 868,684	\$ 492,844
Capital Projects (purpose restriction satisfied)	1,551,123	4,173,680
Outdoor Education (purpose restriction satisfied)	<u>55,894</u>	<u>218,631</u>
Total	<u>\$ 2,475,701</u>	<u>\$4,885,155</u>

NOTE 18 - SIGNIFICANT TRANSACTIONS DURING THE YEAR

During the current year, TWC sold 1,073 acres in Coleville, CA, which closed escrow in July 2024. The Conservancy was able to pay off a note with the proceeds from this sale. TWC also sold a 10-acre property in Pioneertown with conservation restrictions in February 2025. Additionally, the Conservancy received two land donations in Pioneertown in December 2024 and acquired a property in Portal, AZ in March 2025. During the current year, the Conservancy also sold a Restrictive Use Easement to the California Rangeland Trust with the United States Department of the Navy as a third-party beneficiary over approximately 14,500 acres of its Wind Wolves Preserve. This practice is consistent with the Conservancy's goal to put legal instruments in place to protect all preserves.

During the prior year, the Conservancy received significant grant revenues and noncash contributions of land, together with seller-financed loans, that contributed to the completion of the following acquisitions:

- Cottonwood Wash in Bluff, Utah
- Rana Creek Ranch in Carmel Valley, California
- Bentley Junction Ranch in Sonora Junction, California
- Eel River Canyon Phase 3 in Zenia, California

THE WILDLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS

NOTE 19 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Wildlands Conservancy receives significant support from contributions restricted by donors. Because donor restrictions require that resources be used in a specified manner, the Conservancy must maintain sufficient resources to meet those donor commitments. The Conservancy has \$4,884,774 of liquid assets that must be held to satisfy the commitments included in net assets with donor restrictions. These funds are not available for general expenditures in future periods. In addition the Remnant Ranch LLC investment is not considered liquid and available to cover general expenditures.

The Conservancy has a policy to structure its financial assets to be available for general expenditures as they come due. The following financial assets are available for general expenditures during the next year:

	<u>2025</u>	<u>2024</u>
Cash	\$ 1,461,368	\$ 228,290
Investments	2,023,058	202,624
Accounts Receivable	1,219,594	954,984
Contract Receivables	549,298	690,946
Pledges Receivable	322,540	1,191,338
Notes Receivable	1,532,744	1,844,434
Remnant Ranch, LLC Investment	(198,935)	(198,935)
Restrictions	<u>(4,884,774)</u>	<u>(3,969,109)</u>
Total Financial Assets Available	<u>\$ 2,024,893</u>	<u>\$ 944,572</u>

NOTE 20 - CONCENTRATION OF CREDIT RISK

From time to time, the Conservancy holds cash deposits with one financial institution in excess of limits covered by the FDIC. Management does not consider this to be a significant credit risk.

NOTE 21 - SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest was \$430,500 in 2025 and \$488,645 in 2024. No cash payments were made for income taxes in either year.

NOTE 22 - SUBSEQUENT EVENTS

In July 2025, the Conservancy completed the sale of 1,730-acre Rana Creek South and paid in full the note payable to Arlin Ranches in the amount of \$6,000,000, Kisco Cares Foundation in the amount of \$1,000,000 and Kisco Cares Foundation in the amount of \$500,000. In August 2025, TWC completed the sale of a 187-acre property in Bridgeport, CA and in October 2025, the Conservancy paid in full the note to Eric Helmle in the amount of \$2,000,000.

Subsequent events have been evaluated through February 26, 2026, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.