

THE ARCHAEOLOGICAL CONSERVANCY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2025

TOGETHER WITH INDEPENDENT AUDITORS' REPORT



The Archaeological Conservancy

Preserving the past...for the future.

THE ARCHAEOLOGICAL CONSERVANCY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2025

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Archaeological Conservancy
Albuquerque, New Mexico

Opinion

We have audited the accompanying financial statements of **The Archaeological Conservancy** (a California nonprofit corporation), which comprise the statement of financial position as of July 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Archaeological Conservancy as of July 31, 2025, and the changes in 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of The Archaeological 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.

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 Archaeological Conservancy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditors' 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 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Archaeological 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 Archaeological 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.

Report on Summarized Comparative Information

We have previously audited The Archaeological Conservancy's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company PLLC

Taylor, Roth and Company, PLLC
Certified Public Accountants
Albuquerque, New Mexico
March 13, 2026

THE ARCHAEOLOGICAL CONSERVANCY

STATEMENT OF FINANCIAL POSITION

JULY 31, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 792,409	\$ -	\$ 792,409	\$ 2,667,962
Receivables (Note 4)	-	644,867	644,867	-
Prepaid expenses	25,151	-	25,151	215,692
Property and equipment, net (Note 5)	300,614	-	300,614	307,957
Investments (Note 6)	8,057,262	2,780,039	10,837,301	9,895,666
Operating lease right-of-use asset (Note 7)	37,697	-	37,697	13,278
Archaeological sites and easements held for conservation, partially pledged (Note 8)	60,672,926	-	60,672,926	48,659,598
Total assets	<u>\$ 69,886,059</u>	<u>\$ 3,424,906</u>	<u>\$ 73,310,965</u>	<u>\$ 61,760,153</u>
<u>Liabilities and net assets</u>				
<u>Liabilities</u>				
Accounts payable	\$ 34,220	\$ -	\$ 34,220	\$ 603
Accrued payroll expenses	76,244	-	76,244	190,628
Deferred revenue (Note 9)	2,400	-	2,400	232,730
Deposit held - sale of archaeological site	-	-	-	30,000
Operating lease liability (Note 7)	37,697	-	37,697	13,624
Charitable gift split-interest annuity obligations (Note 10)	264,665	-	264,665	306,693
Notes payable (Note 11)	103,854	-	103,854	153,691
Total liabilities	<u>519,080</u>	<u>-</u>	<u>519,080</u>	<u>927,969</u>
<u>Net assets</u>				
<u>Without donor restrictions</u>				
Undesignated	64,857,046	-	64,857,046	54,243,404
Board-designated endowment (Note 12)	4,209,319	-	4,209,319	3,564,931
Net investment in property and equipment	300,614	-	300,614	307,957
	69,366,979	-	69,366,979	58,116,292
With donor restrictions (Note 12)	<u>-</u>	<u>3,424,906</u>	<u>3,424,906</u>	<u>2,715,892</u>
Total net assets	<u>69,366,979</u>	<u>3,424,906</u>	<u>72,791,885</u>	<u>60,832,184</u>
Total liabilities and net assets	<u>\$ 69,886,059</u>	<u>\$ 3,424,906</u>	<u>\$ 73,310,965</u>	<u>\$ 61,760,153</u>

The accompanying notes are an integral part of these financial statements

THE ARCHAEOLOGICAL CONSERVANCY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025		2024	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Contributions-archaeological sites (Note 13)	\$ 11,000,000	\$ -	\$ 11,000,000	\$ 63,600
Contributions and bequests	2,210,389	795,813	3,006,202	3,485,089
Investment income(loss) (Note 6)	1,042,874	307,505	1,350,379	1,455,290
Seminars	629,783	-	629,783	649,935
Site rental	40,068	-	40,068	36,026
All other	93,300	14,781	108,081	67,185
Net assets released from donor restrictions (Note 15)	409,085	(409,085)	-	-
Total revenue and support	<u>15,425,499</u>	<u>709,014</u>	<u>16,134,513</u>	<u>5,757,125</u>
<u>Expense</u>				
Program services				
Acquisition, conservation, and management	1,823,493	-	1,823,493	1,758,998
Education	1,384,503	-	1,384,503	1,296,443
Total program services expense	3,207,996	-	3,207,996	3,055,441
Supporting services				
Management and general	536,576	-	536,576	391,864
Fund-raising	430,240	-	430,240	451,696
Total expense	<u>4,174,812</u>	<u>-</u>	<u>4,174,812</u>	<u>3,899,001</u>
Change in net assets	11,250,687	709,014	11,959,701	1,858,124
Net assets, beginning of year	<u>58,116,292</u>	<u>2,715,892</u>	<u>60,832,184</u>	<u>58,974,060</u>
Net assets, end of year	<u>\$ 69,366,979</u>	<u>\$ 3,424,906</u>	<u>\$ 72,791,885</u>	<u>\$ 60,832,184</u>

The accompanying notes are an integral part of these financial statements

THE ARCHAEOLOGICAL CONSERVANCY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025						2024	
	Program Services			Supporting Services				
	Acquisition, Conservation, and Management	Education	Total	Management and General	Fund- raising	Total	Total	Total
Salaries	\$ 874,474	\$ 136,637	\$ 1,011,111	\$ 183,093	\$ 172,162	\$ 1,366,366		\$ 1,602,213
Payroll taxes and benefits	195,858	30,603	226,461	41,008	38,559	306,028		251,300
Seminars	-	590,223	590,223	-	-	590,223		434,254
Member mailings	-	412,761	412,761	-	91,273	504,034		446,158
Archaeological sites maintenance	391,590	.	391,590	-	-	391,590		252,423
Travel, meals and meetings	83,318	12,624	95,942	43,584	15,149	154,675		81,385
Magazine	-	135,256	135,256	-	15,028	150,284		222,862
Archaeological sites property tax	118,568	-	118,568	-	-	118,568		113,597
Communications	-	39,889	39,889	-	62,423	102,312		89,866
Accounting services	-	-	-	83,106	-	83,106		33,312
Professional services	-	-	-	72,068	-	72,068		60,099
Legal expense	-	-	-	64,071	-	64,071		1,420
Office supplies	51,423	5,979	57,402	1,794	598	59,794		34,867
Insurance	24,678	5,484	30,162	21,937	2,742	54,841		31,023
All other	75,012	13,748	88,760	24,357	30,747	143,864		236,205
	1,814,921	1,383,204	\$ 3,198,125	535,018	428,681	4,161,824		3,890,984
Depreciation	8,572	1,299	9,871	1,558	1,559	12,988		8,017
Total	\$ 1,823,493	\$ 1,384,503	\$ 3,207,996	\$ 536,576	\$ 430,240	\$ 4,174,812		\$ 3,899,001

The accompanying notes are an integral part of these financial statements

THE ARCHAEOLOGICAL CONSERVANCY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 11,959,701	\$ 1,858,124
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Gains)losses on investments and other assets	(1,092,770)	(1,131,004)
Donated stock and archaeological sites	(11,023,119)	(138,127)
Depreciation	12,988	8,017
Amortization and change in charitable gift split-interest annuity obligations	8,904	28,337
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in receivables	(644,867)	553,814
(Increase)decrease in prepaid expenses	190,541	(199,269)
Increase(decrease) in accounts payable and accrued payroll expenses	(80,767)	26,564
Increase(decrease) in deferred revenue and deposit liability	(260,330)	108,219
Increase(decrease) in operating lease ROU asset and liability, net	(346)	60
Net cash provided(used) by operating activities	(930,065)	1,114,735
<u>Cash flows from investing activities</u>		
Purchases of investments	(1,300,762)	(2,993,098)
Purchases of capitalized office equipment	(5,645)	(20,129)
Proceeds from sales of investments and other assets	1,548,866	842,118
Purchases of archaeological sites	(1,087,178)	(774,456)
Net cash provided(used) by investing activities	(844,719)	(2,945,565)
<u>Cash flows from financing activities</u>		
(Payments) against charitable gift split-interest annuity obligations	(50,932)	(44,554)
Principal payments on notes payable and escrow payable	(49,837)	(226,265)
Net cash provided(used) by financing activities	(100,769)	(270,819)
Net increase(decrease) in cash and cash equivalents	(1,875,553)	(2,101,649)
Cash and cash equivalents, beginning of year	2,667,962	4,769,611
Cash and cash equivalents, end of year	\$ 792,409	\$ 2,667,962
Supplemental disclosures:		
Cash paid during the period for interest	\$ 6,677	\$ 11,529
Purchase of archaeological site financed with note payable	\$ -	\$ 38,000
Right-of-use asset obtained in exchange for new operating lease liability	\$ 37,697	\$ -
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows—operating leases	\$ 11,972	\$ 11,624

The accompanying notes are an integral part of these financial statements

THE ARCHAEOLOGICAL CONSERVANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 2025

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

The Archaeological Conservancy (the Conservancy) is a charitable non-profit entity established primarily for the purpose of acquiring and preserving archaeological sites throughout the United States. The Conservancy was incorporated as a non-profit entity under the laws of California on August 3, 1979. The administrative and southwest regional office is located in Albuquerque, New Mexico, and other regional offices are located in Reno, Nevada; Madison, Wisconsin; Frederick, Maryland; and Marks, Mississippi. All of the offices participate in the acquisition and preservation efforts of the organization.

The Conservancy's major programs and services include the acquisition, conservation, and management of archaeological sites and the education of the general public about preserving our cultural and natural heritage.

The Conservancy's major sources of revenue are contributions from the public (including gifts of archaeological sites and easements).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Conservancy have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of the Conservancy have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

3. Cash and Cash Equivalents

Cash and cash equivalents include cash deposited with financial institutions and also amounts held in short-term cash investments in brokerage accounts. For purposes of the statement of cash flows, the Conservancy considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Conservancy maintains cash and cash equivalents in three distinct categories: (1) preservation/operations, (2) annuity (split interest agreements), and (3) endowment funds.

4. Receivables

The Conservancy records pledges and bequests receivable as contribution revenue in the year of notification when the gift is irrevocable and the value can be reasonably estimated. The Conservancy considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

5. Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

The Conservancy recognizes revenue for archaeological seminar tours when the event takes place. Deposits and other payments received in advance of the seminar are recorded as deferred revenue until the tour is completed.

6. Real Estate Held for Sale

Real estate held for sale, which results from the Conservancy's acceptance of non-cash contributions in the form of real estate, is stated at the lower of the estimated fair market value at the date of donation or an estimate of the amount to be realized on sale of the property.

7. Archaeological Sites and Easements

The Conservancy records archaeological sites and easements at cost if purchased or at fair value at the date of acquisition if all or part of the site was received as a donation. Fair value is generally determined by appraisal at the time of acquisition and is not subsequently adjusted. Costs associated with site or easement purchases or donations, such as appraisals, surveys, and fees, are capitalized as costs of the site or easement. Upon sale or gift, the book value of the land, land interest, or easement is reported as a program expense and the related proceeds, if any, are reported as revenue in the statement of activities. It is the Conservancy's intention to preserve sites and easements indefinitely, which is generally accomplished by retaining ownership of the sites and easements or by resale or transfer to various governmental agencies or public charities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

7. Archaeological Sites and Easements (concluded)

Archaeological easements are comprised of listed rights and/or restrictions over properties that are conveyed by a property owner to the Conservancy in order to protect the owned property as a significant archaeological site.

Archaeological sites in process of acquisition include amounts paid for down payments, appraisals, surveys, and other pre-closing costs as well as non-cash donations accepted pending final escrow and transfer of title. The properties for which down payment deposits have been made do not represent purchase commitments as the Conservancy can terminate all such contracts by merely forfeiting the deposit.

8. Capitalization and Depreciation

Property and equipment is stated at cost or, if donated, at the estimated fair value on the date of donation. Expenditures for property and equipment in excess of \$1,000 are capitalized and depreciated over the estimated useful lives of the respective assets, ranging from 5 to 39 years, using the straight-line method. Maintenance and repairs are charged to expense in the period incurred.

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. Income Taxes

The Conservancy is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

11. Functional Reporting of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Significant expenses that are allocated include the following:

Expense	Method of Allocation
Salaries, wages, and benefits	<i>Time and effort</i>
Member mailings	<i>Joint costs - analysis based on content and audience</i>
Magazine	<i>Joint costs - analysis based on content and audience</i>
Office expenses	<i>Analysis of usage by function benefitted</i>
Travel, meals, and meetings	<i>Analysis of usage by function benefitted</i>
Insurance	<i>Analysis of usage by function benefitted</i>
Occupancy-related costs	<i>Square footage</i>

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

12. Leases

The Conservancy accounts for leases in accordance with Accounting Standards Update (ASU) No. 2016-02, *Leases* (ASC 842), as amended. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statement of financial position. Finance leases are included in property and equipment and finance lease liabilities on the statement of financial position. ROU assets represent the Conservancy's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Conservancy uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Conservancy has made an accounting policy election by asset class to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Conservancy's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Conservancy will exercise the option.

The Conservancy may have lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. The Conservancy does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

13. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Conservancy's financial statements for the year ended July 31, 2024, from which the summarized information was derived.

14. Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

15. Joint Costs

Joint costs are costs related to fund-raising activities in which program or administrative activities can be identified and allocated as such. For example, the cost of producing and mailing the Conservancy's magazine, which gives general program information but also includes a fund-raising appeal, would be considered a joint cost. Joint costs are allocated between the appropriate program, management and general, and fund-raising expense categories based on management's allocation plan in accordance with generally accepted accounting principles.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (concluded)

16. Fair Value Measurements

The Conservancy follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

17. Impairment of Long-Lived Assets

The Conservancy accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10 and subsections. FASB ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. If such assets are considered impaired, the recognized impairment is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Management does not believe impairment indicators are present as of July 31, 2025.

18. Subsequent Events

Management has evaluated subsequent events through March 13, 2026, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Conservancy's financial assets at July 31, 2025:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 792,409
Receivables	644,867
Investments	<u>10,837,301</u>
Total financial assets	<u>12,274,577</u>
Less amounts not available nor budgeted for operational use within one year:	
Endowment restricted for perpetuity	951,867
Endowment earnings not appropriated for use during the next 12 months	471,059
Donor restricted for specific acquisitions, maintenance or repairs	796,959
Long-term stewardship - Teapot Dome site	260,154
Endowment - Board-designated	4,209,319
Charitable gift split-interest annuity obligation, less payments due in next 12 months	<u>199,665</u>
	<u>6,889,023</u>
Financial assets available to meet general expenditures over the next 12 months	<u><u>\$ 5,385,554</u></u>

NOTE 3 - AVAILABILITY AND LIQUIDITY (concluded)

The Conservancy’s goal is generally to maintain financial assets to meet approximately 3 months of operating expenses, estimated at \$1 million. These funds can be used to support operations in the event of unexpected circumstances, such as reductions in contributions or urgent conservation needs at a site. Included in available financial assets at year-end is \$501,472 which is donor-restricted for the “POINT” program (the sixth phase of the “Protect Our Irreplaceable National Treasures Program”). These funds are restricted for the purchase and preservation of significant sites in immediate danger of destruction, and because this is the primary mission and activity of the Conservancy, management considers these funds as available for operational use during the next 12 months.

NOTE 4 - RECEIVABLES

Throughout the year, management may be notified that the Conservancy is a beneficiary of a bequest. Management will record a receivable at the time of notification if the amount is estimable. Included in contributions receivable as of July 31, 2025 are four bequests which were estimable, and payments are expected within the following fiscal year. Seven bequests were pending at year-end; however, these bequests are not recognized as of July 31, 2025, because the amounts are not estimable.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of July 31, 2025:

<u>Description</u>	<u>Amount</u>
Land	\$ 60,000
Building and improvements	312,678
Office furniture and equipment	26,762
	<u>399,440</u>
Less: accumulated depreciation	<u>(98,826)</u>
Net furniture and equipment	<u>\$ 300,614</u>

Depreciation expense was \$12,988 for the year.

NOTE 6 - INVESTMENTS

Investment returns for the year ended July 31, 2025, are summarized as follows:

<u>Description</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 257,096	45,461	\$ 302,557
Realized gains(losses)	266,684	131,456	398,140
Unrealized gains(losses)	552,069	142,561	694,630
Investment fees	(32,975)	(11,973)	(44,948)
Total	<u>\$ 1,042,874</u>	<u>\$ 307,505</u>	<u>\$ 1,350,379</u>

NOTE 6 - INVESTMENTS (continued)

Investments are carried at market value and consisted of the following as of July 31, 2025:

<u>Description</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Preservation/Operations			
Government securities	\$ 1,600,538	\$ 1,662,805	\$ 62,267
Bonds - corporate fixed income	1,358,622	1,378,025	19,403
Equities	903,978	1,028,025	124,047
Mutual funds - bonds	266,562	279,706	13,144
Accrued interest	21,954	21,954	-
	<u>\$ 4,151,654</u>	<u>\$ 4,370,515</u>	<u>\$ 218,861</u>
Corporate Fund for Annuities			
Equities	\$ 285,626	\$ 529,452	\$ 243,826
Bonds - corporate fixed income	166,093	163,193	(2,900)
	<u>\$ 451,719</u>	<u>\$ 692,645</u>	<u>\$ 240,926</u>
Endowment Fund			
Equities	\$ 1,952,616	\$ 3,083,307	\$ 1,130,691
ETFs - equities	549,506	883,102	333,596
Mutual funds - bonds	716,770	794,512	77,742
Bonds - corporate fixed income	620,136	622,247	2,111
Government securities	370,112	377,264	7,152
Accrued interest	13,709	13,709	-
	<u>\$ 4,222,849</u>	<u>\$ 5,774,141</u>	<u>\$ 1,551,292</u>
<u>Total Investments</u>			
Equities	\$ 3,142,220	\$ 4,640,784	1,498,564
Bonds - corporate fixed income	2,144,851	2,163,465	18,614
Government securities	1,970,650	2,040,069	69,419
Mutual funds - bonds	983,332	1,074,218	90,886
ETFs - equities	549,506	883,102	333,596
Accrued interest	35,663	35,663	-
Total	<u>\$ 8,826,222</u>	<u>\$ 10,837,301</u>	<u>\$ 2,011,079</u>

NOTE 6 - INVESTMENTS (concluded)

The Conservancy classifies its investments based on an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are:

- Level 1 – unadjusted quoted prices for identical assets in active markets.
- Level 2 – quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; valuation methodology using other observable inputs or inputs derived from or corroborated by observable market data by correlation or other means.
- Level 3 – valuations methodology using unobservable inputs.

The asset’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The carrying amounts of cash, receivables, payables, accrued expenses, and other liabilities approximate fair value due to the short maturities of these instruments. The fair value of long-term debt is the carrying value due to the market rate of interest reflecting current market conditions.

As of July 31, 2025, the Conservancy’s investments were included in the following categories:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 4,640,784	\$ 4,640,784	\$ -	\$ -
Bonds-corporate				
fixed income	2,163,465	-	2,163,465	-
Government securities	2,040,069	-	2,040,069	-
Mutual funds - bonds	1,074,218	1,074,218	-	-
ETFs - equities	883,102	883,102	-	-
Total	<u>\$ 10,801,638</u>	<u>\$ 6,598,104</u>	<u>\$ 4,203,534</u>	<u>\$ -</u>

NOTE 7 - OPERATING LEASE RIGHT-OF-USE ASSETS

The Conservancy evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Conservancy’s right to use underlying assets for the lease term, and the lease liabilities represent its obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, which arose from operating leases, were calculated based on the present value of future lease payments over the lease terms. Operating lease cost is recognized on a straight-line basis over the lease term and included in “all other” on the Statement of Functional Expenses. The Conservancy has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments for office space.

The Conservancy leases office space in Reno, Nevada under a long-term non-cancelable operating lease agreement. The lease expires in September 2028. There are no renewal options, and lease payments increase during the lease term ranging from \$1,034 to \$1,095.

NOTE 7 - OPERATING LEASE RIGHT-OF-USE ASSETS (concluded)

Lease information included the following:

<u>Description</u>	<u>Amount</u>
<i>Components of lease costs in the Statement of Functional Expenses:</i>	
Operating lease cost included in <i>All other expenses</i>	\$ 11,684
 <i>Other information for leases:</i>	
Remaining lease term	3.2 years
Discount rate	4.11%
 <i>Future maturities of lease liabilities:</i>	
<u>Fiscal years ending July 31st:</u>	
	<u>Amount</u>
2026	\$ 12,331
2027	12,701
2027	13,082
2027	2,191
	<hr/>
Total lease payments	40,305
Less: present value discount	(2,608)
	<hr/>
Present value of lease liabilities	<u>\$ 37,697</u>

NOTE 8 - ARCHAEOLOGICAL SITES AND EASEMENTS

Archaeological sites and easements held for conservation were as follows as of July 31, 2025:

<u>Description</u>	<u>Amount</u>
Archaeological sites held for conservation, partially pledged	\$ 57,766,640
Archaeological easements held for conservation	2,868,486
Archaeological sites in process	37,800
	<hr/>
Total	<u>\$ 60,672,926</u>

NOTE 9 - DEFERRED REVENUE

The Conservancy sponsors approximately 8 to 10 educational seminars each fiscal year. Participants pay seminar fees prior to the event date, and the Conservancy defers the revenue from the seminars to the period in which the related expenses are incurred. Thus, payments collected in the current year for seminars held in the following year are deferred until the year in which the expense and occurrence of the seminar falls.

NOTE 9 - DEFERRED REVENUE (concluded)

The following provides information about significant changes in deferred revenue for the year ended July 31, 2025:

<u>Description</u>	<u>Amount</u>
Deferred revenue, beginning of year	\$ 232,730
Revenue recognized that was included in deferred revenue at the beginning of the year	(232,730)
Increases in deferred revenue due to cash received during the year	<u>2,400</u>
Deferred revenue, end of year	<u>\$ 2,400</u>

NOTE 10 - CHARITABLE GIFT SPLIT-INTEREST ANNUITY OBLIGATIONS

The Conservancy is frequently the recipient of charitable gift annuities in which a donor contributes assets in exchange for distributions of a fixed amount for the lifetime of the donor or other beneficiaries. These assets are contributed directly to the Conservancy, and the Conservancy maintains the assets as general assets of the Conservancy in separate investment accounts. A liability is recognized for the estimated present value of the annuity obligation using the discount rate and actuarial assumptions as provided in Internal Revenue Service guidelines and actuarial tables. Contribution revenue, which represents the fair value of assets donated less the annuity obligation, is recorded as revenue without donor restrictions upon receipt of the donated assets. Contribution revenue recognized under charitable gift annuities was \$4,767 for the year ended July 31, 2025. Assets of the Conservancy derived from these charitable gift annuities are invested as described in Note 6 (Corporate Fund for Annuities).

Obligations of the Conservancy derived from these charitable gift annuities, valued at the estimated present value of the annuity obligations, totaled \$264,665 at July 31, 2025, and during the current year, the Conservancy recognized amortization of the annuity discounts of \$11,803 as an expense. The discount rates used are based on Internal Revenue Service rates in effect at the time the annuity originated. The Conservancy also adjusts the value of annuity obligations periodically for changes in the life expectancy of annuitants, as based on mortality tables and actuarial assumptions.

NOTE 11 - NOTES PAYABLE

Site Acquisition Debt

On occasion, the Conservancy utilizes debt to finance the acquisition of archaeological sites. As of July 31, 2025, one promissory note was in place, and included the following:

Montezuma Village – Note dated August 27, 2021, and payable to the seller of the property, and carried a balance of \$103,854 as of July 31, 2025. This note is secured by the site which has a book value of \$452,407. The terms include an interest rate of 6.0% and monthly installments of \$1,683. Maturity of the note is scheduled for September 2031.

NOTE 11 - NOTES PAYABLE (concluded)

Future minimum principal payments due on the notes are as follows:

<u>Fiscal years ending July 31st:</u>	<u>Amount</u>
2026	\$ 14,354
2027	15,239
2028	16,179
2029	17,177
2030	18,237
2031 and thereafter	<u>22,668</u>
Total	<u>\$ 103,854</u>

Interest expense on note payables was \$6,677 for the year ended July 31, 2025.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net Assets Restricted for Purpose and Time

At year end, net assets restricted by donors for purpose or time consisted of the following:

<u>Description</u>	<u>Amount</u>
<i>Purpose restrictions</i>	
Protect Our Irreplaceable National Treasures (POINT)	\$ 501,472
Specific site acquisition and maintenance	295,487
Stewardship - Teapot Dome easement	260,154
<i>Time restrictions</i>	
Endowment income	771,059
Bequests receivable	<u>644,867</u>
Total	<u>\$ 2,473,039</u>

Net Assets Restricted for Perpetuity — Endowment Fund

The Conservancy's endowment fund was established in 1985, when \$1 million, less allowable fund-raising expenses of \$48,133, was raised via a National Endowment for the Humanities challenge grant of \$250,000 combined with matching contributions. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Conservancy's endowment includes donor-restricted and board-designated assets.

The Board of the Conservancy has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment absent explicit donor stipulations to the contrary. Accordingly, the Conservancy classifies as net assets restricted by the donor for perpetuity the original value of gifts donated to the endowment plus the original value of any subsequent gifts made to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified as held for perpetuity is classified as net assets restricted by the donor for time, and those funds are released from restriction when appropriated for expenditure by the Conservancy in a manner consistent with the standard of prudence prescribed by SPMIFA.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS (concluded)

In accordance with SPMIFA, the Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Conservancy, and (7) the Conservancy's investment policies.

Investment Return Objectives, Risk Parameters and Strategies: The Conservancy has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. (See Note 6 for endowment investment asset details.) Therefore, the Conservancy expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Conservancy has a policy of appropriating for distribution 5% of its endowment fund's average fair value at the beginning of the fiscal year in which the distribution is planned. In establishing this policy, the Conservancy considered the long-term expected return on its investment assets and the possible effects of inflation. The Conservancy expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 3% annually, which is consistent with the Conservancy's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Changes in endowment net assets by type of fund as of July 31, 2025, are as follows:

<u>Description</u>	<u>Without Donor</u>	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Restrictions</u>	<u>Restricted</u>	<u>Restricted</u>	
	<u>Board</u>	<u>for Time</u>	<u>for Perpetuity</u>	
	<u>Designated</u>			
Beginning of year	\$ 3,564,931	\$ 749,334	\$ 951,867	\$ 5,266,132
Contributions	-	-	-	-
Investment income(loss)	644,388	307,505	-	951,893
Appropriation of assets for expenditure	-	(285,780)	-	(285,780)
End of year	<u>\$ 4,209,319</u>	<u>\$ 771,059</u>	<u>\$ 951,867</u>	<u>\$ 5,932,245</u>

NOTE 13 - CONTRIBUTIONS – ARCHAEOLOGICAL SITES

During the year ended July 31, 2025, the Conservancy recorded an in-kind contribution of \$11,000,000, which is the estimated value of an archaeological site located in California, and donated to the Conservancy in March 2025 . The value of the donated property is based on an appraisal conducted by an independent real estate professional. The Conservancy intends to hold the property for perpetuity; however, the contributor did not place any restrictions on the contribution. This donation accounted for approximately two-thirds of all revenue recognized by the Conservancy during the fiscal year ended July 31, 2025.

NOTE 14 - GRANTS – EMPLOYEE RETENTION CREDIT

In a prior year, the Conservancy recognized revenue from the Employee Retention Credit (ERC) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Conservancy’s claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Conservancy.

NOTE 15 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, which included:

<u>Description</u>	<u>Amount</u>
Endowment income	\$ 285,780
Specific site acquisition and maintenance	120,556
Stewardship - Teapot Dome easement	2,749
Total	<u>\$ 409,085</u>

NOTE 16 - INTENTIONS TO GIVE - BEQUESTS

The Conservancy has received indications of gifts in the form of bequests which are revocable during the donor’s lifetime. Due to the uncertain nature of these intentions, the Conservancy has not recognized an asset or contribution revenue relating to these gifts. The estimated total intentions to give cannot be currently estimated.

NOTE 17 - RETIREMENT PLANS

Defined Contribution Plan

The Conservancy established a retirement plan effective January 1, 1996, covering all employees who have attained age 21 and completed one year of service. Effective January 1, 2017, all salaried employees are eligible for the plan, while employees who are paid on an hourly basis or who are not eligible for health and welfare benefits are not eligible for the plan. Prior to January 1, 2017, the eligibility requirement was satisfied upon working 1,000 hours during a consecutive 12-month period. The plan provides a vesting schedule in accordance with federal regulations. The Conservancy made regular contributions totaling \$41,776 to this plan during the year ended July 31, 2025, which represents 4% of the gross wages paid during the year for all eligible employees.

Tax-deferred Annuity Plan

The Conservancy also established a Section 403(b) voluntary pension plan in 1996. This plan is funded with employee contributions. Effective January 1, 2009, the Conservancy began to match voluntary contributions on a dollar-for-dollar basis up to 4% of gross salary. Matching contributions for the year ended July 31, 2025, were \$40,466.

NOTE 18 - COMMITMENTS

In the normal course of operations, the Conservancy is continually engaged in the process of acquiring archaeological sites. At July 31, 2025, there were 15 sites in various stages of the acquisition process, for which expenditures totaling \$37,800 have been made in the current and prior years. Management believes that a firm purchase commitment does not exist on any of these sites. As such, no liability for future acquisition costs on sites in progress is reflected in the financial statements.

NOTE 19 - RELATED PARTIES

During the year ended July 31, 2025, the Conservancy received contributions totaling approximately \$275,000 from board members, or from donor-advised funds for which a board member is an advisor.

NOTE 20 - CONCENTRATIONS OF RISK

Investments

The Conservancy has significant investments in bonds, equities, and mutual funds that are subject to market value fluctuation.

Bank Deposits

At year-end, the Conservancy maintained cash assets in two banking institutions that exceeded the coverage offered by the Federal Deposit Insurance Corporation (FDIC). The uninsured balances at each institution were \$68,775 and \$100,040, respectively.