NATURE & CULTURE INTERNATIONAL

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

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Independent Auditor's Report

To the Board of Directors
Nature and Culture International

Opinion

We have audited the accompanying financial statements of Nature and Culture International (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and 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 financial statements referred to above present fairly, in all material respects, the financial position of Nature and Culture International as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Nature and Culture International, 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 Nature and Culture International's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists.

2810 Camino Del Rio South, Suite 200, San Diego, California 92108-3820
619.294.7200, 619.294.7077 fax, www.leaf-cole.com, leafcole@leaf-cole.com

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 Nature and Culture International'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 Nature and Culture International'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.

Leaf & Cole LLP

San Diego, California
June 15, 2026

NATURE AND CULTURE INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
Current Assets: (Note 2 and 4)		
Cash and cash equivalents	$ 9,582,467	$ 8,150,907
Grants and other receivables	256,691	142,847
Pledges receivable	604,200	746,738
Prepaid expenses and other assets	43,261	6,663
Land held for sale	5,115,090	5,115,000
Total Current Assets	15,601,709	14,162,155
Noncurrent Assets: (Notes 2, 4, 5 and 8)		
Pledges receivable, net	763,880	1,177,974
Property and equipment, net	4,071,727	3,717,065
Operating lease right-of-use asset, net	68,775	108,422
Total Noncurrent Assets	4,904,382	5,003,461
TOTAL ASSETS	$ 20,506,091	$ 19,165,616

LIABILITIES AND NET ASSETS

	2025	2024
Current Liabilities: (Notes 2 and 8)		
Accounts payable and accrued expenses	$ 53,061	$ 103,576
Accrued payroll and benefits	729,586	673,921
Deferred revenue	4,335,463	3,554,492
Operating lease liability, current	37,638	45,691
Total Current Liabilities	5,155,748	4,377,680
Noncurrent Liabilities: (Notes 2 and 8)		
Operating lease liability, net of current portion	32,293	63,481
Total Noncurrent Liabilities	32,293	63,481
Total Liabilities	5,188,041	4,441,161
Commitments and Contingency (Note 8)		
Net Assets: (Notes 2, 6 and 7)		
Without donor restriction:		
Undesignated	12,746,822	12,027,303
Board designated reserve	878,387	878,387
With donor restriction	1,692,841	1,818,765
Total Net Assets	15,318,050	14,724,455
TOTAL LIABILITIES AND NET ASSETS	$ 20,506,091	$ 19,165,616

The accompanying notes are an integral part of the financial statements.

NATURE AND CULTURE INTERNATIONAL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants	$ 5,684,105	$ -	$ 5,684,105	$ 4,858,678	$ -	$ 4,858,678
Contributions	1,994,921	405,514	2,400,435	3,013,330	189,009	3,202,339
In-kind contributions	351,463	-	351,463	5,135,647	-	5,135,647
Interest	257,626	-	257,626	309,520	-	309,520
Fees	143,159	-	143,159	115,918	-	115,918
Other income	38,022	-	38,022	-	-	-
Gain on disposal of property and equipment	23,989	-	23,989	3,507	-	3,507
Net assets released from restrictions	531,438	(531,438)	-	1,336,883	(1,336,883)	-
Total Support and Revenue	9,024,723	(125,924)	8,898,799	14,773,483	(1,147,874)	13,625,609
Expenses:						
Program expenses	7,102,654	-	7,102,654	6,884,443	-	6,884,443
Management and general	484,678	-	484,678	471,739	-	471,739
Fundraising	717,872	-	717,872	750,382	-	750,382
Total Expenses	8,305,204	-	8,305,204	8,106,564	-	8,106,564
Change in Net Assets	719,519	(125,924)	593,595	6,666,919	(1,147,874)	5,519,045
Net Assets at Beginning of Year	12,905,690	1,818,765	14,724,455	6,238,771	2,966,639	9,205,410
NET ASSETS AT END OF YEAR	$ 13,625,209	$ 1,692,841	$ 15,318,050	$ 12,905,690	$ 1,818,765	$ 14,724,455

The accompanying notes are an integral part of the financial statements.

NATURE AND CULTURE INTERNATIONAL
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025				2024			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses:								
Salaries and wages	$ 2,463,013	$ 312,272	$ 475,572	$ 3,250,857	$ 2,198,408	$ 307,040	$ 445,527	$ 2,950,975
Employer taxes and benefits	349,631	57,398	72,488	479,517	328,751	52,500	68,612	449,863
Total Salaries and Related Expenses	2,812,644	369,670	548,060	3,730,374	2,527,159	359,540	514,139	3,400,838
Nonsalary Related Expenses:								
Field expenses	1,800,546	3,986	12,378	1,816,910	1,463,089	5,666	17,748	1,486,503
Professional fees	988,678	25,330	8,500	1,022,508	936,936	24,718	8,500	970,154
Project grants	735,207	-	-	735,207	1,226,859	-	-	1,226,859
Publicity	330,314	-	150	330,464	255,020	-	7,263	262,283
Office expense	149,672	20,097	26,513	196,282	131,018	17,681	22,119	170,818
Development and marketing	41,988	-	108,409	150,397	30,954	-	174,454	205,408
Occupancy	97,714	30,000	-	127,714	88,908	30,000	-	118,908
Depreciation	93,425	-	-	93,425	96,599	-	-	96,599
Other expenses	-	-	-	-	87,574	-	-	87,574
Insurance	52,466	35,130	-	87,596	40,327	33,666	-	73,993
Dining and events	-	465	13,862	14,327	-	468	6,159	6,627
Total Nonsalary Related Expenses	4,290,010	115,008	169,812	4,574,830	4,357,284	112,199	236,243	4,705,726
TOTAL EXPENSES	$ 7,102,654	$ 484,678	$ 717,872	$ 8,305,204	$ 6,884,443	$ 471,739	$ 750,382	$ 8,106,564

The accompanying notes are an integral part of the financial statements.

NATURE AND CULTURE INTERNATIONAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities:		
Change in net assets	$ 593,595	$ 5,519,045
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	93,425	96,599
Amortization of operating lease right of use asset	48,167	44,800
Donation of property and equipment	(300,000)	-
Donation of land held for sale	-	(5,045,000)
Gain on disposal of property and equipment	(23,989)	(3,507)
(Increase) Decrease in:		
Grants and other receivables	(113,844)	(70,444)
Pledges receivable	556,632	(883,565)
Prepaid expenses and other assets	(36,598)	2,829
Land held for sale	(90)	(70,000)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(50,515)	(22,869)
Accrued payroll and benefits	55,665	95,478
Deferred revenue	780,971	1,317,150
Operating lease liability	(47,761)	(44,369)
Net Cash Provided by Operating Activities	1,555,658	936,147
Cash Flows From Investing Activities:		
Purchase of property and equipment	(150,098)	(77,001)
Proceeds from sale of property and equipment	26,000	20,012
Net Cash Used in Investing Activities	(124,098)	(56,989)
Net Increase in Cash and Cash Equivalents	1,431,560	879,158
Cash and Cash Equivalents at Beginning of Year	8,150,907	7,271,749
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 9,582,467	$ 8,150,907
Supplemental Disclosure of Cash Flow Information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	$ 50,946	$ 48,323
Noncash operating lease transaction at lease commencement		
Operating lease right-of-use asset	8,520	36,504
Operating lease liability	(8,520)	(36,504)
Noncash operating lease transaction at lease commencement, net	$ -	$ -

The accompanying notes are an integral part of the financial statements.

NATURE AND CULTURE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 1 - Organization:

Nature and Culture International ("Nature and Culture") is a 501(c)(3) that works to protect biodiverse, intact ecosystems for future generations. Our conservation goals are born within local communities and ensure biological and cultural diversity can thrive. Nature and Culture works together with Indigenous groups, local communities, as well as national and subnational governments to protect critical ecosystems. This methodology has been highly successful since the organization's establishment in 1996. Since our founding, we've protected over 26 million acres and not a single area has had its protected status reversed. This success is partly attributed to Nature and Culture's devotion to the long-term management and technical support of a protected area after establishing its protected status. Nature and Culture has a committed team of local conservationists, environmental lawyers, and mapping experts, working to save critical ecosystems in Latin America. To learn more, visit www.natureandculture.org.

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of Nature and Culture have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations, and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor)-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires—that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Foreign Cash and Cash Equivalents

The values of cash and cash equivalents which are denominated in currencies other than the U.S. Dollar are stated using the exchange rate in effect as of December 31, 2025 and 2024.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies: (Continued)

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy), and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). Nature and Culture had no financial instruments at December 31, 2025 and 2024.

Allowance for Credit Losses

Nature and Culture recognizes an allowance for credit losses on accounts receivable to present the net amount expected to be collected as of the statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the statements of financial position date, aging reports and historical information. Accounts receivable are written off when Nature and Culture determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Management believes that all accounts receivable were fully collectible; therefore, no allowance for credit losses on accounts receivable were recorded at December 31, 2025 and 2024.

Capitalization and Depreciation

Nature and Culture capitalizes all expenditures in excess of $5,000 for property and equipment at cost, while donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, Nature and Culture reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Nature and Culture reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Building and improvements	39 years
Furniture and equipment	5 years
Vehicles	5 years

Depreciation totaled $93,425 and $96,599 for the years ended December 31, 2025 and 2024, respectively.

Maintenance and repairs are charged to operations as incurred. Major renewals or improvements are capitalized. Upon sale or disposition of property and equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Impairment of Real Estate

Nature and Culture reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2025 and 2024.

Note 2 - Significant Accounting Policies: (Continued)

Land

Land is acquired by Nature and Culture for conservation purposes, sustainable use of natural resources and promotion of scientific research in biological and cultural diversity.

Compensated Absences

Accumulated unpaid vacation totaling $149,349 and $157,207 at December 31, 2025 and 2024, respectively, is accrued when incurred, and is included in accrued payroll and benefits.

Revenue Recognition

Contributions

Contributions are recognized when the donor makes a promise to give in writing to Nature and Culture that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met. Contributions are recorded as without donor restriction or with donor restriction, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When the stipulated time restriction ends or purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Grants

Grant revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant. Grants receivable are recorded when revenue earned under a grant or contract exceeds the cash received. Grants receivable totaled $256,691 and $142,847 at December 31, 2025 and 2024, respectively, and is included in grants and other receivables. Deferred revenue is recorded when cash received under a grant exceeds the revenue earned. Deferred revenue totaled $4,335,463 and $3,554,492 at December 31, 2025 and 2024, respectively.

Fees

Fees for services are recognized in the period in which the service is performed. Included in fees are rental fees for the San Francisco Station in Ecuador from research organizations. Rental income is recognized when the obligation is satisfied. Deferred revenue due to Ecuador totaled $-0- and $41,000 at December 31, 2025 and 2024, respectively, and is included in accounts payable and accrued expenses.

Other Income

Other income includes the net gain on foreign currency exchanges and is recognized in the period in which the exchange occurred.

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition (Continued)

Donated Land, Services, Materials and Facilities

Many individuals volunteer their time and perform a variety of tasks that assist Nature and Culture with specific programs and various committee assignments. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated services by volunteers for the years ended December 31, 2025 and 2024 did not meet the requirements above; therefore, no amounts were recognized in the financial statements for volunteer time.

Nature and Culture received the following in-kind contributions for the year ending December 31:

	2025	2024
Land	$ 270,000	$ 5,045,000
Building	30,000	-
Office space	30,000	30,000
Marketing and consulting services	21,463	60,647
Total In-Kind Contributions	$ 351,463	$ 5,135,647

Nature and Culture recognized in-kind contributions within revenue, including land, marketing and consulting services and office space.

In 2025, Nature and Culture received 1080.56 hectares of land and a building in Sonora, Mexico. In valuing the land and building, Nature and Culture estimated the fair value based on an independent appraisal of the property at the time of the donation. The land and building donation are unrestricted. In 2024, Nature and Culture received 817.65 hectares (3.157 square miles) of land in Ecuador. In valuing the land, Nature and Culture estimated the fair value based on an independent appraisal of the property at the time of the donation. The land donation is unrestricted and may be maintained or sold. Nature and Culture intends to sell the 2024 donated land and has included the land in land held for sale on the statements of financial position.

Nature and Culture occupies office space in Del Mar in facilities that are donated. Donated space is valued at the fair value of similar properties available in commercial real estate listings and is included in occupancy expense. The donated space is used for general and administrative activities. In valuing marketing and consulting services, Nature and Culture estimated the fair value at the standard rate charged for those services in the United States. The fair value of supplies are based on estimates of wholesale values that would be received for selling similar products in the United States. Marketing and consulting services and supplies are used in fundraising activities.

Leases

Nature and Culture determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (“ROU”) assets–operating and lease liability–operating, and finance leases are included in right-of-use (“ROU”) assets–financing and lease liability–financing in the statements of financial position.

Note 2 - Significant Accounting Policies: (Continued)

Leases (Continued)

ROU assets represent Nature and Culture's right to use an underlying asset for the lease term and lease liabilities represent Nature and Culture's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Nature and Culture will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Nature and Culture has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, Nature and Culture has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by Nature and Culture's management.

Income Tax Status

Nature and Culture is a public charity, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Nature and Culture believes that they have appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. Nature and Culture is not a private foundation.

Nature and Culture's Return of Organization Exempt from Income Tax for the years ended December 31, 2025, 2024, 2023 and 2022 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

Concentration of Credit Risk

Nature and Culture maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Nature and Culture has not experienced any losses in such accounts. Nature and Culture believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Nature and Culture considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Subsequent Events

In preparing these financial statements, Nature and Culture has evaluated subsequent events through June 15, 2026, which is the date the financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed.

Note 3 - Liquidity and Availability:

Nature and Culture regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Nature and Culture considers investment income without donor restrictions, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Nature and Culture considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The table below presents financial assets available for general expenditure within one year at December 31:

	2025	2024
Cash and cash equivalents	$ 9,582,467	$ 8,150,907
Grants and other receivables	256,691	142,847
Pledges receivable	604,200	746,738
Financial assets available to meet general expenditures within one year	$ 10,443,358	$ 9,040,492

In addition to financial assets available to meet general expenditures over the next 12 months, Nature and Culture operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4 - Pledges Receivable:

Pledges receivable consist of the following at December 31:

	2025	2024
Current:		
Due in less than one year	$ 604,200	$ 746,738
Noncurrent:		
Due in one-to-five years	800,000	1,250,000
Less: Discount to present value	(36,120)	(72,026)
Total Noncurrent, Net	763,880	1,177,974
Total Pledges Receivable, Net	$ 1,368,080	$ 1,924,712

The pledges receivable have been discounted to their present value using a discount rate of 3.0% for each of the years ended December 31, 2025 and 2024.

Note 5 - Property and Equipment:

Property and equipment consist of the following at December 31:

	2025	2024
Land - conservation	$ 3,665,616	$ 3,323,721
Buildings and improvements	302,316	272,316
Furniture and equipment	27,519	31,154
Vehicles	677,506	674,394
Subtotal	4,672,957	4,301,585
Less: Accumulated depreciation	(601,230)	(584,520)
Property and Equipment, Net	$ 4,071,727	$ 3,717,065

Note 6 - Board-Designated Reserve:

Nature and Culture's Board of Directors approved the establishment of appropriations of net assets without donor restrictions for an operating reserve. The balance of the reserve totaled $878,387 at December 31, 2025 and 2024.

Note 7 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by Nature and Culture, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at December 31:

	2025	2024
Subject to Expenditure for Specified Purpose:		
Creation and maintenance of protected land areas	$ 842,841	$ 968,765
Total Subject to Expenditure For Specified Purpose	842,841	968,765
Perpetual in Nature:		
5,290 hectares (13,066 acres) of dry tropical forest land on the Southern Province of Loja, Ecuador	450,000	450,000
1,000 hectares (2,471 acres) of cloud forest with an 8,000-square-foot research station in Zamora Chinchipe, Ecuador	400,000	400,000
Total Perpetual in Nature	850,000	850,000
Total Net Assets with Donor Restrictions	$ 1,692,841	$ 1,818,765

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, are as follows for the years ended December 31:

	2025	2024
Purpose Restrictions Accomplished:		
Creation and maintenance of protected land areas	$ 531,438	$ 1,336,883
Total Net Assets Released From Restrictions	$ 531,438	$ 1,336,883

Note 8 - Commitments and Contingency:

Pension Plan

Nature and Culture has established a Simple IRA for employees. The plan was adopted as of January 1, 2018, and provides a 3% employer match for all participating employees. Employer contributions totaled $22,817 and $22,408 for the years ended December 31, 2025 and 2024, respectively, and are included in employer payroll taxes and benefits in the statements of functional expenses.

Leases

Nature and Culture leases office space under non-cancelable operating lease that expire at various dates through February 2028. Rent expense under these leases totaled $94,097 and $88,908 for the years ended December 31, 2025 and 2024, respectively, and is included in occupancy.

Nature and Culture has elected to apply the short-term lease exception to all leases with a term of one year or less. Nature and Culture has five operating leases for office space required to be included in the statements of financial position under FASB ASC 842.

Note 8 - Commitments and Contingency:

Leases (Continued)

The following summarizes the line items in the statements of financial position for operating leases as of December 31:

	2025	2024
Operating lease right-of-use asset	$ 68,775	$ 108,422
Operating lease liabilities, current	37,638	45,691
Operating lease liabilities, net of current portion	32,293	63,481
Total operating lease liabilities	$ 69,931	$ 109,172

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	2025	2024
Weighted average remaining lease term - Operating	22 months	41 months
Weighted average discount rate	3.60%	3.47%

The following summarizes the line items in the statements of activities which include the components of lease expense for the years ended December 31:

	2025	2024
Operating lease expense	$ 51,352	$ 48,754
Total Lease Cost	$ 51,532	$ 48,754

The following summarizes cash flow information related to leases for the years ended December 31:

	2025	2024
Operating cash flows from operating leases	$ 50,946	$ 48,323

The following is the schedule of future minimum lease payments under the leases:

Years Ended December 31	
2026	$ 39,446
2027	28,504
2028	2,191
Total lease payments	70,141
Less: interest	(210)
Present value of lease liabilities	$ 69,931

Note 8 - Commitments and Contingency: (Continued)

Salary Reserve Contingency

Employees in Ecuador, Peru, and Mexico are required by law to be paid a severance pay upon termination by the employer. The severance pay is based on years of service and current rate of pay. The total contingent liability for all current employees is approximately $1,542,284 and $1,395,493. This calculation is based on the liability at December 31, 2025 and 2024, respectively, if all employees were terminated.

Nature and Culture is not anticipating any reduction in staff subsequent to December 31, 2025 and 2024. The potential liability to pay severance related to any terminations is based on historical experience and management's evaluation of staffing needs. The estimated liability totaling $497,674 and $438,015 has been accrued at December 31, 2025 and 2024, respectively, and is included in accrued payroll and benefits.