NORTH AMERICAN LAND TRUST

Financial Statements as of
December 31, 2025
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Accounting, Consulting & More

Bonadio & Co., LLP
Accounting, Consulting & More

INDEPENDENT AUDITOR'S REPORT

October 22, 2026

To the Board of Directors of
North American Land Trust:

Opinion
We have audited the accompanying financial statements of North American Land Trust ("NALT"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and change in net assets, 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 NALT as of December 31, 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. 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 NALT 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 NALT's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

2711 Centerville Road,
Suite 100
Wilmington, DE 19808
p (302) 656-6632
f (302) 656-1811

www.bonadio.com

(Continued)

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. 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 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 NALT'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 NALT'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 NALT's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bonadio & Co. LLP

NORTH AMERICAN LAND TRUST

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 847,823	$ 147,515
Accounts receivable	108,695	279,858
Pledges receivable	97,500	147,500
Prepaid expenses	39,356	23,382
Assets held for sale	473,167	-
Investments	4,599,782	4,091,019
Investments, mitigation management funds	180,285	141,605
Properties held as investment	37,787,205	42,587,205
Land preserves	5,601,705	3,931,515
Escrow deposit	-	100,000
Property and equipment, net	2,160,292	689,894
Total assets	$ 51,895,810	$ 52,139,493
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 87,628	$ 82,703
Deferred revenue	69,112	35,500
Mitigation management funds	180,285	141,605
Line of credit	431,000	460,000
Note payable - related party	-	43,254
Mortgage note payable	399,429	366,371
Total liabilities	1,167,454	1,129,433
NET ASSETS:		
Without Donor Restrictions -		
Undesignated	2,658,491	242,999
Designated by Board for stewardship	1,974,946	1,744,556
Designated by Board for investment in property	37,787,205	42,587,205
	42,420,642	44,574,760
With Donor Restrictions -		
Purpose	2,406,009	2,203,785
Perpetual	5,901,705	4,231,515
	8,307,714	6,435,300
Total net assets	50,728,356	51,010,060
	$ 51,895,810	$ 52,139,493

The accompanying notes are an integral part of these statements.

NORTH AMERICAN LAND TRUST

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
OPERATING REVENUE AND SUPPORT:				
Contributions	$ 866,890	$ 84,388	$ 951,278	$ 600,282
Project income	1,106,657	-	1,106,657	1,144,681
Other operating income	100,000	-	100,000	1,000
Interest income - operating	119	-	119	917
Endowment draw	167,378	-	167,378	255,277
Net assets released from restrictions - operating	148,225	(148,225)	-	-
Total operating revenue and support	2,389,269	(63,837)	2,325,432	2,002,157
OPERATING EXPENSES:				
Program services	1,933,439	-	1,933,439	1,722,609
General and administrative	634,805	-	634,805	528,713
Fundraising	36,477	-	36,477	25,073
Total operating expenses	2,604,721	-	2,604,721	2,276,395
Gain on disposal of property and equipment	15,226	-	15,226	-
Change in net assets before other activities	(200,226)	(63,837)	(264,063)	(274,238)
OTHER ACTIVITIES:				
Non-operating contributions and grants	-	1,863,630	1,863,630	201,370
In-kind contributions	-	1,917,865	1,917,865	-
Loss on sale of properties held as investment	(4,099,751)	-	(4,099,751)	-
Return on investment, net of draws and fees	180,389	120,226	300,615	176,248
Net assets released from restrictions - non-operating	1,965,470	(1,965,470)	-	-
Total other activities	(1,953,892)	1,936,251	(17,641)	377,618
CHANGE IN NET ASSETS	(2,154,118)	1,872,414	(281,704)	103,380
NET ASSETS - beginning of year	44,574,760	6,435,300	51,010,060	50,906,680
NET ASSETS - end of year	$ 42,420,642	$ 8,307,714	$ 50,728,356	$ 51,010,060

The accompanying notes are an integral part of these statements.

NORTH AMERICAN LAND TRUST

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for 2024)

	Program Services	Management & General	Fundraising & Development	Total 2025	Total 2024
Personnel:					
Salaries and wages	$ 1,092,213	$ 178,923	$ 8,702	$ 1,279,838	$ 1,227,655
Employee benefits	299,162	49,009	2,383	350,554	305,164
Payroll taxes	87,607	14,352	698	102,657	100,733
Total personnel	1,478,982	242,284	11,783	1,733,049	1,633,552
Other operating expenses:					
Advertising	-	-	19,651	19,651	11,023
Depreciation	-	101,019	-	101,019	53,888
Dues, conferences, etc.	-	55,124	-	55,124	43,896
Insurance	-	69,541	-	69,541	64,928
Interest	-	51,677	-	51,677	32,800
Legal fees	120,705	19,650	-	140,355	141,105
Occupancy	29,710	4,868	236	34,814	27,615
Office expenses	98,329	16,109	783	115,221	82,310
Professional fees	-	58,299	-	58,299	56,550
Project expenses	190,214	964	3,901	195,079	106,154
State registrations	-	12,730	-	12,730	11,619
Travel	15,499	2,540	123	18,162	10,955
Total other operating expenses	454,457	392,521	24,694	871,672	642,843
Total	$ 1,933,439	$ 634,805	$ 36,477	$ 2,604,721	$ 2,276,395

The accompanying notes are an integral part of these statements.

NORTH AMERICAN LAND TRUST

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for 2024)

	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (281,704)	$ 103,380
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	101,019	53,888
In-kind contributions	(1,917,865)	-
Loss on sale of investment properties	4,099,751	-
Realized and unrealized gain on mitigation management funds	-	(6,491)
Realized and unrealized gain on investments	(318,890)	(354,452)
Contributions received for capital projects	(1,670,190)	(201,370)
Gain on disposal of property and equipment	(15,226)	-
Change in:		
Accounts receivable	171,163	(118,731)
Prepaid expenses	(15,974)	(141,792)
Accounts payable and accrued expenses	4,925	(43,209)
Deferred revenue	33,612	-
Net cash flow from operating activities	190,621	(708,777)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(11,493)	(85,047)
Purchase of land preserves	(1,670,190)	-
Escrow deposit	-	(100,000)
Proceeds from sale of investment properties	700,249	-
Purchases of investments	(3,575,574)	(3,712,036)
Proceeds from sale of investments	3,363,176	3,753,590
Net cash flow from investing activities	(1,193,832)	(143,493)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for capital projects	1,720,190	201,370
Receipt of mitigation management funds	22,525	15,675
Net proceeds (repayments) on line of credit	(29,000)	460,000
Proceeds from issuance of mortgage loan	400,000	-
Repayments - note payable - related party	(43,254)	(4,015)
Repayments - mortgage payable	(366,942)	(28,936)
Net cash flow from financing activities	1,703,519	644,094
CHANGE IN CASH AND CASH EQUIVALENTS	700,308	(208,176)
CASH AND CASH EQUIVALENTS - beginning of year	147,515	355,691
CASH AND CASH EQUIVALENTS - end of year	$ 847,823	$ 147,515
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ 51,677	$ 32,800

The accompanying notes are an integral part of these statements.

1. NATURE OF OPERATIONS

North American Land Trust's ("NALT") mission is to permanently conserve and steward natural and cultural resources through innovative land preservation partnerships. Established in 1993 with its headquarters in Chadds Ford, Pennsylvania, NALT works with a variety of partners, including individuals, corporate landowners, mitigation bankers, developers and municipalities, all over the United States to conserve vital land using conservation easements, stewarding properties with advanced monitoring techniques, and enhancing land with conservation management plans. NALT's conservation areas protect wetlands, grasslands, coastlines, forests and freshwater habitats and the many species that depend on them. NALT's conservation areas include lands that are privately owned and lands that are permanently dedicated to public use. NALT has employees working in several locations throughout the southeast. NALT coordinates with landowners from all over the country to conserve the land that is special to them and currently holds 586 easements across 24 states.

NALT is a "qualified organization" to receive tax deductible gifts of conservation easements because it has the commitment to protect the conservation purposes of the donation and resources to enforce the restrictions of the conservation easement. NALT's primary sources of revenue are contributions, project income, and investment income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements of NALT have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the 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.

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 therein are classified and reported as follows:

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for investment in property and Board-designated endowment.

Net assets with donor restrictions consist of resources subject to donor-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 those resources be maintained in perpetuity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Revenue and other support are reported as increases in net assets without donor restriction unless the use of the related assets is limited by donor-imposed restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases from net assets with donor restriction to net assets without donor restriction. Restrictions on gifts of long-lived assets and cash restricted for the acquisition of long-lived assets expire when the assets are placed in service. Gains and losses on investments are reported as increases or decreases within the net asset class to which they relate.

Cash and Cash Equivalents

NALT considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents except for cash held within investment accounts. NALT holds its cash and cash equivalents with highly rated financial institutions, and these balances may exceed federally insured limits from time to time. NALT has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash.

Restricted Investments

The investments, mitigation management funds represent restricted funds, segregated, and held as agency escrow accounts for use only for purposes outlined in the related mitigation bank instrument. Each fund has an offsetting liability in the same amount.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at net realizable value. NALT estimates an allowance for expected credit losses based on management's assessment of the collectability of outstanding receivables. The allowance is determined using a pooled approach for receivables with similar risk characteristics and is evaluated on an individual basis when specific accounts are identified as higher risk or potentially uncollectible. NALT has elected the practical expedient under ASU 2025-05 to estimate expected credit losses on current revenue–related receivables by assuming conditions existing at the balance sheet date will remain unchanged throughout the remaining life of current accounts receivable and by considering subsequent cash collections received after year end. The allowance for credit losses is based on historical loss experience, current conditions, and other information relevant to expected collectability. Management evaluates the adequacy of the allowance periodically and records adjustments as necessary.

Investments

Investments are stated at fair value. Investments acquired by gift are recorded at fair value on the date the gift was received. Cost of marketable securities sold is determined using the first-in, first-out method and transactions are recognized on the trade date. The change in net realized and unrealized gains and losses are reflected in the statement of activities.

Fair Value of Financial Instruments

GAAP requires disclosure of an estimate of fair value of certain financial instruments. NALT's significant financial instruments are cash, receivables, prepaid expenses, accounts payable and accrued expenses, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Hierarchy

GAAP establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term as the financial instrument;

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Properties Held as Investment

Land parcels held in fee title by NALT, either purchased or donated, are considered investment properties and can be liquidated at any time as determined by the governing body. These properties are not currently utilized in the programs or activities of NALT. Some have been placed under deed restrictions limiting future development and others are enrolled under PA Act 319 program for preferential assessment of real estate taxes. These parcels are carried at the lower of cost or market value as determined by appraisal and are evaluated for impairment based on restrictions applied.

Land Preserves

NALT owns and manages three nature preserves in the region – Knights Island Preserve in Maryland, Brinton Run Preserve in Pennsylvania and 1755 Preserve in Pennsylvania. These lands are maintained in perpetuity for the preservation and enhancement of their historic, natural and scenic features. Improvements are underway at the Brinton Run Preserve and 1755 Preserve to provide for appropriate public access and education.

Open Space Properties

Open space properties have been donated to NALT in connection with a particular residential development project. The spaces do not have a separate tax parcel and therefore, are assumed to hold no marketable value. Accordingly, per NALT's policy, open space properties are not recognized in the financial statements. NALT held 25 open space lots totaling 88.66 acres at December 31, 2025 and 2024, respectively.

Conservation Easements

NALT held 586 and 576 conservation easements covering 141,790 and 139,268 acres at December 31, 2025 and 2024, respectively. Because the easements are held for conservation purposes in perpetuity and are not expected to generate future economic benefits that can be reliably measured, NALT has not assigned a carrying value to these easements in the accompanying financial statements. NALT monitors and enforces the easements in accordance with its stewardship responsibilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is carried at cost or, if donated, at fair market value on the date of donation, less accumulated depreciation. Fixed asset purchases over $10,000 with a useful life exceeding 5 years are capitalized and depreciated over the estimated life of the asset. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Assets sold or otherwise retired are removed from the accounts and any realized gain or loss on disposal is reflected in the statement of activities.

Concentration of Market Risk

NALT invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and current economic conditions, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amount reported in the statement of financial position. To mitigate this risk, management has retained an active investment manager to administer a diversified portfolio.

Revenue and Revenue Recognition

Contributions are recognized at fair value when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions are recorded net of estimated uncollectible amounts and present value discounts, as applicable.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions may be conditioned upon certain performance requirements or the incurrence of allowable qualifying expenses. As of December 31, 2025 and 2024, NALT had conditional grants of $53,612 and $0, respectively, for which amounts were received in advance and which were not recognized in the accompanying financial statements and $138,000 and $789,000 respectively, for which no amounts were received in advance and which were not recognized in the accompanying financial statements.

Project income in the form of conservation easement and management service revenue is recognized over the relevant contract period in accordance with established milestones. Consulting revenue is recognized when the performance obligations of providing the services are met.

Non-Operating Activities

Endowment, capital projects, and other non-operating activities reflect transactions affecting net assets primarily associated with investments, reserves, and projects not related to the day-to-day operations of NALT.

In-Kind Contributions

NALT periodically receives significant in-kind contributions primarily in the form of land. It is NALT's policy to recognize charitable contributions for the appraised value at the date of donation. In addition, a number of volunteers have donated time to NALT's program and support services. These contributions of time are not reflected in the financial statements since these services do not meet the criteria for recognition.

Tax-Exempt Status

NALT has received a determination letter from the Internal Revenue Service ruling that it is exempt from federal income tax, except on unrelated business income, under §501(c)(3) of the Internal Revenue Code as amended. Specifically, it is a 501(c)(3) that is publicly supported as defined under Treas. Reg. 170(b)(1)(A)(vi) and organized for conservation purposes as defined in Treas. Reg. § 1.170A-14(c)(1).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Expenses
NALT expenses its advertising costs as incurred. For the years ended December 31, 2025 and 2024, advertising expenses totaled $19,651 and $11,023, respectively.

Functional Allocation of Expenses
The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. The expenses that are allocated on the basis of estimated time and effort include salaries and wages, benefits, payroll taxes, professional services, occupancy, office, insurance, public relations, and travel.

Reclassifications
Certain reclassifications have been made to the 2024 financial statements to correspond with the current year's presentation. Operating reserves totaling $8,026, formerly reported with cash, were reclassified to investments. $35,500 representing retainers for uncompleted work was reclassified from accrued expenses to deferred revenue in the 2024 presentation.

Prior Year Financial Statements
The financial statements include certain prior year summarized comparative information in total but not by net assets class or by functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be used in conjunction with NALT's financial statements as of and for the year ended December 31, 2024, from which the summarized information was derived.

3. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	2025	2024
Cash and cash equivalents	$ 847,823	$ 147,515
Accounts receivable, net	108,695	279,858
Less: Amounts with donor restrictions	(149,847)	(17,849)
	$ 806,671	$ 409,524

As part of NALT's liquidity management, it invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, NALT has a committed line of credit in the amount of $1,000,000, $569,000 of which was available to draw upon as of December 31, 2025. In addition, NALT's Board-designated investments totaled $1,974,946 and $1,744,556 as of December 31, 2025 and 2024, respectively. Although NALT does not intend to spend from these Board-designated balances (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation process), they could be made available if necessary.

4. MARKETABLE SECURITIES

Marketable securities as of December 31 consisted of the following:

	2025	2024	Unadjusted quoted prices in active markets
Short-term investments	$ 733,144	$ 262,001	Level 1
U.S. Treasury money market funds	169,334	1,051,414	Level 1
Mutual fund and ETFs	1,996,795	1,199,846	Level 1
Equities	1,700,509	1,569,732	Level 1
Total	$ 4,599,782	$ 4,082,993	

The above investments serve as a commingled endowment with both donor-restricted and Board-designated components. The following accounts are restricted for mitigation management and are not a part of the commingled endowment.

	2025	2024	Unadjusted quoted prices in active markets
Short-term investments	$ 9,637	$ 23,240	Level 1
Mutual fund and ETFs	170,648	118,365	Level 1
Total	$ 180,285	$ 141,605	

As required by GAAP, investments were classified within the level of the lowest significant input considered in determining fair value. In evaluating the level at which NALT's investments have been classified, management assessed factors including, but not limited to, price transparency, subscription activity, redemption activity, and the existence or absence of certain restrictions. All of NALT's marketable securities are valued using Level 1 inputs.

NALT invests in equity and debt securities, which are exposed to various risks including interest rate and market risks. These risks could result in losses. It is reasonably possible that change in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

5. PROPERTIES HELD AS INVESTMENT

Certain properties have been donated to NALT in support of its broader mission. These properties carry no donor restrictions as to purpose or holding period. Any restrictive easement recorded on a property will impair the original donative value; therefore, the carrying value of these properties is not meant to be indicative of their highest and best use value or an exit price realized upon sale. It is at least reasonably possible that a restrictive easement could be placed on a property in the near future and the effect of that change may be material to the financial statements. Properties are evaluated for impairment whenever a significant deed restriction is imposed. These properties are reported at appraised value, net of estimated impairment attributable to any deed restrictions or conservation easements.

5. PROPERTIES HELD AS INVESTMENT (Continued)

The changes in property investments during the years ended December 31, 2025 and 2024 were as follows:

Investment properties, December 31, 2023	$ 42,587,205
Properties sold	-
Properties received	-
Impairments recognized	-
Investment properties, December 31, 2024	$ 42,587,205
Properties sold	(4,800,000)
Properties received	-
Impairments recognized	-
Investment properties, December 31, 2025	$ 37,787,205

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2025	2024	Estimated Useful Life
Buildings	$ 2,226,314	$ 1,062,084	27.5 - 40 yrs
Building improvements	411,697	411,697	10 - 15 yrs
Equipment and fixtures	76,045	76,045	5 - 10 yrs
Computer equipment	63,958	63,958	5 yrs
Vehicles	263,764	253,467	5 yrs
	3,041,778	1,867,251	
Less: Accumulated depreciation	(881,486)	(1,177,357)	
	$ 2,160,292	$ 689,894	

Depreciation expense was $101,019 and $53,888 for the years ended December 31, 2025 and 2024, respectively.

7. ASSETS HELD FOR SALE

The Hickory Hill Road, Suite 1 and 5 properties have been classified as assets held for sale as of December 31, 2025. Although the properties continued to be utilized by NALT pending disposition, management has committed to a plan to sell the properties and believes the criteria for held-for-sale classification have been met. Accordingly, the property is presented separately from property and equipment, and depreciation ceased upon classification as held for sale.

7. ASSETS HELD FOR SALE (Continued)

The carrying value of the properties was as follows as of December 31:

Assets Held for Sale	2025	2024
Hickory Hill Road, Suite 1	$ 578,822	$ -
Hickory Hill Road, Suite 5	256,178	-
	835,000	-
Less: Accumulated depreciation	(361,833)	-
	$ 473,167	$ -

In April 2026, NALT entered into an agreement to sell the Hickory Hill Road, Suite 5 property at a purchase price of $210,000. The sale was completed on July 31, 2026 with no significant gain or loss recognized on the transaction. In connection with the sale, NALT and the buyer entered into a seller financing arrangement in the amount of $27,000 with a three-year term and a fixed annual interest rate of 6%. The financing agreement requires monthly interest-only payments of $135, commencing one month after the closing date, with a balloon payment for the principal due at the end of the term.

8. ENDOWMENT ASSETS

NALT's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to support its stewardship initiatives. Net assets associated with endowment funds, including funds designated by the Board of Directors, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of NALT has interpreted the guidance issued by the FASB and Pennsylvania Act 141 as requiring the preservation of the fair value of the original gift as of the date of gift of the perpetual donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, NALT classifies the following as net assets with perpetual donor restrictions:

1. The original value of gifts donated to the perpetual endowment;
2. The original value of subsequent gifts to the perpetual endowment;
3. Accumulations to the perpetual endowment made if so directed by the applicable donor gift instrument at the time the accumulation is added to the fund.

NALT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. NALT's mission and purpose supported by the donor-restricted endowment fund;
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. NALT's other resources; and
7. The investment policies of NALT.

8. ENDOWMENT ASSETS (Continued)

From time to time, the fair value of assets associated with individual donor-restricted perpetual endowment funds may fall below the historical value of the gift. The fair value of invested assets assigned to individual donor restricted endowment net asset balances required to be maintained in perpetuity had no deficiencies at December 31, 2025 or 2024. Such deficiencies may result from unfavorable market fluctuations that occur after the investment of new restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

NALT has adopted investment and spending policies for endowment and endowment-like assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that NALT must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to maintain the level of financial support currently provided while assuming a moderate level of investment risk. NALT expects its endowment funds, over time, to provide an average rate of return in excess of the annual draw. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, NALT relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). NALT targets a strategic asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Appropriations from the Board-designated net assets are distributed to operating as approved by the Board during the budgeting process. Amounts held within the endowment for specific purposes are drawn as appropriate in accordance with donor stipulations. In establishing this policy, NALT considered the long-term expected return on its endowment.

Accordingly, over the long-term, NALT expects the current spending policy to allow its endowment to grow as investment returns exceed the budgeted draw. This is consistent with NALT's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund was as follows at December 31:

2025	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 2,458,662	$ 2,458,662
Board-designated stewardship funds	1,974,946	-	1,974,946
	$ 1,974,946	$ 2,458,662	$ 4,433,608

2024	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 2,338,436	$ 2,338,436
Board-designated stewardship funds	1,744,557	-	1,744,557
	$ 1,744,557	$ 2,338,436	$ 4,082,993

8. ENDOWMENT ASSETS (Continued)

Changes in endowment assets were as follows for the years ended December 31:

	Without Donor Restriction	With Donor Restriction	Total
Endowment assets, December 31, 2023	$ 1,716,782	$ 2,189,962	$ 3,906,744
Investment return, net	190,753	240,773	431,526
Appropriation of assets for expenditure	(162,978)	(92,299)	(255,277)
Endowment assets, December 31, 2024	$ 1,744,557	$ 2,338,436	$ 4,082,993
Investment return, net	217,284	250,709	465,617
Contributions transferred into endowment	50,000	-	50,000
Appropriation of assets for expenditure	(36,895)	(130,483)	(167,378)
Endowment assets, December 31, 2025	$ 1,974,946	$ 2,458,662	$ 4,431,232

9. NET ASSETS WITH DONOR RESTRICTIONS

Total net assets with donor restrictions as of December 31, consisted of the following:

	2025	2024
Endowments:		
Subject to expenditure for specified purpose:		
Stewardship:		
Santa Susana	$ 1,566,024	$ 1,447,098
Brinton Run	196,953	205,895
Knights Island Preserve	329,221	325,141
Land acquisition	66,464	60,302
	2,158,662	2,038,436
Perpetual in Nature:		
Knights Island Preserve endowment	300,000	300,000
Total Endowments	$ 2,458,662	$ 2,338,436
Non-Endowment:		
Subject to expenditure:		
Brinton Run Preserve projects	$ 103,262	$ 165,349
Knights Island Preserve	500	-
1755 Preserve projects	143,585	-
Perpetual in Nature:		
1755 Preserve - land	1,670,190	-
Knights Island Preserve - land	232,700	232,700
Brinton Run Preserve - land	3,698,815	3,698,815
Total Non-Endowment	5,849,052	4,096,864
Total Net Assets With Donor Restrictions	$ 8,307,714	$ 6,435,300

9. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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

	2025	2024
Operating:		
Brinton Run Preserve projects	$ 63,837	$ 36,021
Lawn to Habitat program	84,388	-
	$ 148,225	$ 36,021
Non-Operating:		
Purchase of 1755 Preserve - buildings	$ 1,965,470	$ -

10. RETIREMENT PLAN

NALT maintains a SIMPLE IRA retirement plan which covers all employees. Employees may elect to make contributions to the plan through salary reductions up to limits established by the Internal Revenue Service. NALT matches up to 3% of employee compensation for the calendar year.

Employer contributions made to the plan for the years ended December 31, 2025 and 2024, totaled to $32,928 and $29,789, respectively.

11. RELATED PARTY TRANSACTIONS

NALT entered into a loan agreement with a Board member on December 28, 2012, in the amount of $85,000. Terms of the loan agreement required 240 monthly payments of $504, including interest at 3.75% per annum, beginning February 1, 2013. The outstanding balance on the loan as of December 31, 2024 was $43,254. The loan was repaid in full during 2025.

Total interest paid to the Board member on this note was approximately $166 and $15,856 during 2025 and 2024, respectively.

12. MORTGAGE AND NOTES PAYABLE

In 2019, NALT entered into a mortgage agreement with BB&T Bank in the amount of $510,101, collateralized by NALT's office condominiums. The loan was to be repaid with sixty-five (65) monthly payments in the amount of $3,707 and one (1) final balloon payment at the original maturity on December 28, 2024, estimated to be $369,089 including interest at the rate of 3.99%. Total interest paid on this note was $2,825 and $16,944 during 2025 and 2024, respectively. The loan was repaid in full July 9, 2025.

In April of 2024, NALT entered into an agreement for a revolving line of credit with a $750,000 credit limit. The line is collateralized by certain investments segregated for this purpose. Floating interest rate is determined by the adjusted one-month term SOFR plus 2.25%. SOFR at December 31, 2025 and 2024 was 3.7% and 4.36%, respectively. In July 2025, the line of credit limit was increased to $1,000,000 in order to accommodate the retirement of the BB&T Bank mortgage. $431,000 and $460,000 was outstanding on the line as of December 31, 2025 and 2024, respectively.

12. MORTGAGE AND NOTES PAYABLE (Continued)

In October 2025, NALT entered into a $400,000 mortgage loan agreement with a financial institution secured by the 1755 Preserve property. The loan bears interest at a rate of 6.75% for the initial 60 months, followed by a reduced rate of 6.65% for the remaining 59-month term. The agreement requires monthly principal and interest payments over the loan term, with a final balloon payment of the remaining outstanding balance due at maturity on October 17, 2035. As of December 31, 2025, the outstanding balance on the loan was $399,429.

Future maturities of long-term debt are as follows for the years ending December 31:

2026	6,354
2027	6,802
2028	7,207
2029	7,792
2030	8,360
Thereafter	362,914
Total payments	$ 399,429

13. SUBSEQUENT EVENTS

On December 31, 2025, NALT entered into two Long-Term Stewardship and Long-Term Fund Management Agreements with Mississippi Lignite Mining Company (MLMC) totaling approximately $575,000 which were received in the first quarter of 2026. The agreements relate to the perpetual management of the Tobaksakola mitigation sites in Webster County, Mississippi and represent restricted funds that will be segregated and held as agency escrow accounts for use only for the purposes outlined in the related mitigation bank instrument. Each fund will have an offsetting liability in the same amount.

In April 2026, NALT executed an agreement of sale for the Hickory Hill Road, Suite 5 property as more fully discussed in Note 6. There was no significant gain or loss recognized on the sale.

Management has evaluated subsequent events through October 22, 2026, the date the financial statements were available to be issued.