

SOUTHERN CONSERVATION TRUST, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2025
AND THE TWELVE-MONTH PERIOD ENDED MARCH 31, 2025

With Independent Auditor's Report Thereon

SOUTHERN CONSERVATION TRUST
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southern Conservation Trust, Inc.

Opinion

We have audited the accompanying financial statements of the Southern Conservation Trust, Inc. ("Trust") which comprises the consolidated statement of financial position as of December 31, 2025 and the related consolidated statement of activities, functional expenses, and cash flows for the nine-month period 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 Southern Conservation Trust, Inc. as of December 31, 2025 and the changes in its net assets and its cash flows for the nine-month period 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 the Trust 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 these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Trust'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. 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 statement.

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 Trust'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 Trust'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.

A handwritten signature in blue ink, appearing to read "Julia P. Korda LLC".

Morrow, Georgia

May 6, 2026

SOUTHERN CONSERVATION TRUST
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND MARCH 31, 2025

	ASSETS	
	DECEMBER 31, 2025	MARCH 31, 2025
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,273,333	\$ 1,589,778
Investments	6,689,830	6,177,743
Contributions receivable	38,963	69,693
Notes receivable	474,281	459,573
Prepays	<u>41,925</u>	<u>33,485</u>
TOTAL CURRENT ASSETS	8,518,332	8,330,272
CONTRIBUTIONS RECEIVABLE – LONG-TERM	30,000	20,000
NOTES RECEIVABLE – LONG-TERM	148,511	691,411
FIXED ASSETS, NET	1,549,600	1,625,344
OWNED PROPERTIES	<u>19,471,680</u>	<u>18,611,072</u>
TOTAL ASSETS	\$ <u>29,718,123</u>	\$ <u>29,278,099</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 15,915	\$ 39,703
Payroll liabilities	19,654	23,798
Other current liabilities	<u>35,528</u>	<u>32,852</u>
TOTAL CURRENT LIABILITES	<u>71,097</u>	<u>96,353</u>
TOTAL LIABILITES	<u>71,097</u>	<u>96,353</u>
NET ASSETS		
Without donor restrictions	29,021,809	28,735,165
With donor restrictions	<u>625,217</u>	<u>446,581</u>
TOTAL NET ASSETS	<u>29,647,026</u>	<u>29,181,746</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>29,718,123</u>	\$ <u>29,278,099</u>

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

SOUTHERN CONSERVATION TRUST
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions	\$ 332,385	\$ 158,811	\$ 491,196
Earned revenue	377,569	-	377,569
Special event, net of direct benefit to donors of \$27,005	21,324	-	21,324
In-kind contributions	7,123	-	7,123
Government grants	5,787	-	5,787
Other revenue	<u>1,268</u>	<u>-</u>	<u>1,268</u>
Total revenues and support	745,456	158,811	904,267
Net assets released from restrictions	<u>11,480</u>	<u>(11,480)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	756,936	147,331	904,267
EXPENSES:			
Program activities	1,019,782	-	1,019,782
Supporting services			
Management and general	170,482	-	170,482
Fundraising	<u>180,467</u>	<u>-</u>	<u>180,467</u>
Total supporting services	350,949	-	350,949
TOTAL EXPENSES	<u>1,370,731</u>	<u>-</u>	<u>1,370,731</u>
OPERATING (DEFICIT) EXCESS	(613,795)	147,331	(466,464)
NONOPERATING CHANGES			
Investment revenue, net	883,038	31,305	914,343
Notes receivable interest	19,114	-	19,114
Donated properties	-	-	-
Loss on disposal of fixed assets	<u>(1,713)</u>	<u>-</u>	<u>(1,713)</u>
CHANGE IN NET ASSETS	286,644	178,636	465,280
NET ASSETS:			
AT BEGINNING OF PERIOD	<u>28,735,165</u>	<u>446,581</u>	<u>29,181,746</u>
AT END OF PERIOD	\$ <u>29,021,809</u>	\$ <u>625,217</u>	\$ <u>29,647,026</u>

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

SOUTHERN CONSERVATION TRUST
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE TWELVE-MONTH PERIOD ENDED MARCH 31, 2025

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Contributions	\$ 49,684	\$ 156,997	\$ 206,681
Earned revenue	431,691	-	431,691
Special event, net of direct benefit to donors of \$30,148	63,403	-	63,403
In-kind contributions	4,570	-	4,570
Other revenue	<u>1,838</u>	<u>-</u>	<u>1,838</u>
Total revenues and support	551,186	156,997	708,183
Net assets released from restrictions	<u>39,470</u>	<u>(39,470)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	590,656	117,527	708,183
EXPENSES:			
Program activities	1,607,206	-	1,607,206
Supporting services			
Management and general	217,129	-	217,129
Fundraising	<u>270,314</u>	<u>-</u>	<u>270,314</u>
Total supporting services	487,443	-	487,443
TOTAL EXPENSES	<u>2,094,649</u>	<u>-</u>	<u>2,094,649</u>
OPERATING (DEFICIT) EXCESS	(1,503,993)	117,527	(1,386,466)
NONOPERATING CHANGES			
Investment revenue, net	493,262	8,044	501,306
Notes receivable interest	42,482	-	42,482
Donated properties	<u>2,000</u>	<u>-</u>	<u>2,000</u>
CHANGE IN NET ASSETS	(966,249)	125,571	(840,678)
NET ASSETS:			
AT BEGINNING OF PERIOD	<u>29,701,414</u>	<u>321,010</u>	<u>30,022,424</u>
AT END OF PERIOD	\$ <u>28,735,165</u>	\$ <u>446,581</u>	\$ <u>29,181,746</u>

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

SOUTHERN CONSERVATION TRUST
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2025

	Program Activities					Management and General	Fundraising	Total
	Conservation	Education	Parks	Stewardship	Subtotal			
Salaries and wages	\$ 94,052	\$ 79,285	\$ 101,498	\$ 174,581	\$ 449,416	\$ 73,900	\$ 132,345	\$ 655,661
Professional fees	17,846	593	14,393	192,219	225,051	64,692	990	290,733
Conservation program expenses	5,775	5,683	25,945	60,469	97,872	-	-	97,872
Depreciation	14,897	13,513	9,420	27,817	65,647	3,008	5,377	74,032
Insurance	5,491	4,646	8,635	14,168	32,940	10,326	7,756	51,022
Payroll taxes	7,152	6,052	7,752	13,304	34,260	5,652	10,103	50,015
Employee benefits	6,200	5,247	6,721	11,534	29,702	4,899	8,759	43,360
General education expenses	3	23,840	54	6	23,903	-	-	23,903
Occupancy	3,138	4,636	3,400	5,842	17,016	1,805	3,219	22,040
Travel expenses	6,087	1,086	-	11,179	18,352	48	320	18,720
Office expenses	2,053	1,204	1,091	2,022	6,370	3,793	3,408	13,571
Information technology	2,199	1,023	1,311	4,580	9,113	1,216	3,188	13,517
Conferences/meetings	6,297	920	790	1,704	9,711	380	621	10,712
Printing and promotion	80	137	78	134	429	763	3,097	4,289
Other expenses	-	-	-	-	-	-	1,284	1,284
	\$ 171,270	\$ 147,865	\$ 181,088	\$ 519,559	\$ 1,019,782	\$ 170,482	\$ 180,467	\$ 1,370,731

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

SOUTHERN CONSERVATION TRUST
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE TWELVE-MONTH PERIOD ENDED MARCH 31, 2025

	Program Activities					Management and General	Fundraising	Total
	Conservation	Education	Parks	Stewardship	Subtotal			
Salaries and wages	\$ 126,181	\$ 231,340	\$ 200,515	\$ 218,180	\$ 776,216	\$ 113,903	\$ 197,346	\$ 1,087,465
Professional fees	17,621	-	500	255,415	273,536	66,081	5,584	345,201
Conservation program expenses	536	-	17,335	186,654	204,525	-	-	204,525
Depreciation	18,530	18,952	18,173	24,075	79,730	2,769	4,818	87,317
Insurance	5,817	10,731	12,439	14,872	43,859	5,216	9,076	58,151
Payroll taxes	9,654	17,810	15,396	16,645	59,505	8,655	15,063	83,223
Employee benefits	10,819	19,958	17,254	18,653	66,684	9,702	16,881	93,267
General education expenses	234	36,763	4,703	409	42,109	-	-	42,109
Travel expenses	6,098	1,821	206	11,376	19,501	167	439	20,107
Office expenses	5,559	8,004	6,601	7,183	27,347	8,052	10,487	45,886
Information technology	1,453	1,299	1,096	3,327	7,175	609	4,984	12,768
Conferences/meetings	3,619	881	330	942	5,772	1,025	557	7,354
Printing and promotion	294	469	413	71	1,247	950	5,079	7,276
	\$ 206,415	\$ 348,028	\$ 294,961	\$ 757,802	\$ 1,607,206	\$ 217,129	\$ 270,314	\$ 2,094,649

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

SOUTHERN CONSERVATION TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2025
AND THE TWELVE-MONTH PERIOD ENDED MARCH 31, 2025

	DECEMBER 31, 2025	MARCH 31, 2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 465,280	\$ (840,678)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities		
Depreciation	74,032	87,319
Realized gains on investments	(138,398)	(509,408)
Unrealized (gains) losses on investments	(609,198)	209,662
Loss on disposal of fixed asset	1,712	-
Donated property	-	(2,000)
Decrease (Increase) in operating assets		
Contributions receivable	20,730	(39,331)
Notes receivable	528,192	487,164
Prepays	(8,440)	(3,598)
(Decrease) Increase in operating liabilities		
Accounts payable	(23,788)	(17,317)
Payroll liabilities	(4,144)	(9,606)
Other current liabilities	<u>2,676</u>	<u>6,207</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	308,654	(631,586)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	3,271,844	3,830,979
Purchase of fixed assets	-	(19,945)
Purchase of owned properties	(860,608)	-
Purchase of investments	<u>(3,036,335)</u>	<u>(3,587,745)</u>
NET CASH (USED IN) PROVIDED BY INVESTMENT ACTIVITIES	(625,099)	223,289
NET CHANGE IN CASH AND CASH EQUIVALENTS	(316,445)	(408,297)
CASH AND CASH EQUIVALENTS:		
AT BEGINNING OF PERIOD	<u>1,589,778</u>	<u>1,998,075</u>
AT END OF PERIOD	\$ <u>1,273,333</u>	\$ <u>1,589,778</u>

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

SOUTHERN CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2025
AND THE TWELVE-MONTH PERIOD ENDED MARCH 31, 2025

1. ORGANIZATION

The Southern Conservation Trust is a community land trust founded in 1993 by Fayette County residents eager to preserve green space as the south metro Atlanta area developed. The Trust owns, manages, and protects over 65,000 acres in thirteen states, including five public nature areas in Fayette County, Georgia.

The Trust's programs include:

Public Nature Areas

Southern Conservation Trust manages and preserves a network of public nature areas, providing access to diverse ecosystems, wildlife habitats, and outdoor recreation opportunities. These areas support conservation, environmental education, and passive recreation, including hiking, birdwatching, and nature study.

- **Morgan Grove Nature Area** (60 acres) offers a glimpse into a retired working forest and bottomland habitat while demonstrating forestry best management practices.
- **NeSmith Preserve** (120 acres) protects a vital wetland ecosystem along Camp Creek, supporting diverse wildlife and offering a small trail for exploration.
- **The Ridge Nature Area** (235 acres) features over six miles of trails through bottomland hardwood forests along Gingercake and Whitewater Creeks, ideal for hiking, running, and mountain biking.
- **Sams Lake Bird Sanctuary** (56 acres) is home to over 142 documented bird species and includes trails, observation platforms, a boardwalk, and a wildlife blind for birdwatching and nature study.
- **Wildcat Woods Nature Area** (23 acres) provides outdoor environmental education and recreation for students and the community, featuring an Oak-Hickory-Pine Forest and a lake within the Flint River Watershed.

These protected spaces serve as essential resources for conservation, education, and community engagement while preserving critical natural landscapes.

Environmental Education

An initiative of the Southern Conservation Trust, the Fayette Environmental Education Center is dedicated to fostering a deeper connection with nature through immersive

SOUTHERN CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1. ORGANIZATION – Continued

environmental education. The Center inspires future environmental stewards by offering interactive exhibits, hands-on educational programs, and engaging activities designed to enhance public awareness and appreciation of conservation.

Land & Wildlife Conservation

The Southern Conservation Trust conserves vital and threatened lands through private, voluntary land conservation. Partnering with willing landowners, the Trust protects scenic and natural resources through conservation easements, land acquisitions, and stewardship initiatives.

Lands under the Trust’s care are managed through science-based stewardship plans, which include annual monitoring, adaptive management, and, when necessary, legal defense of conservation values. The Trust also identifies priority conservation lands for acquisition and works to maintain working forests and agricultural lands for sustainable resource production.

Restoration efforts enhance conservation values, with volunteers playing a key role in stewardship activities. A dedicated stewardship funding strategy, including donations and an endowment, ensures long-term protection, restoration, and enforcement of conservation commitments.

Southern Conservation Trust’s Subsidiaries

The New Manchester-Sweetwater Alliance, Inc., (“Alliance”), a wholly owned subsidiary of Southern Conservation Trust, was formed in 2018 to facilitate SCT’s mission in Douglas County. For each historical site that the City of Douglasville abolishes, the Alliance receives \$50,000. As of December 31, 2025 and March 31, 2025, the Alliance has not received any proceeds from the City of Douglasville for that purpose.

Little Bear Creek Reserve, LLC, a wholly-owned subsidiary of Southern Conservation Trust, was formed in January 2021. Little Bear Creek Reserve, LLC had no activity during the nine-month period ended December 31, 2025 and the twelve-month period ended March 31, 2025. They held assets of \$792,542 as of December 31, 2025 and March 31, 2025. They held no liabilities as of December 31, 2025 and March 31, 2025.

Southern Conservation Holdings, LLC, a wholly-owned subsidiary of Southern Conservation Trust, was formed in April 2021. Southern Conservation Holdings, LLC had no activity during the nine-month period ended December 31, 2025 and the twelve-month period ended March 31, 2025, and held no assets nor had any liabilities as of December 31, 2025 and March 31, 2025.

SOUTHERN CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Principles of consolidation

The financial statements consolidate the accounts of the Southern Conservation Trust, Inc., The New Manchester-Sweetwater Alliance, Inc., Little Bear Creek Reserve, LLC and Southern Conservation Holdings, LLC (hereafter, collectively referred to as the Trust). Any interorganizational accounts and transactions have been eliminated in the consolidation.

Basis of accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The Trust classifies its net assets and revenues and expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Trust and changes therein are classified and reported as follows:

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 objective of the organization. These net assets may be used at the discretion of the Trust’s management and the board of directors. The Board can elect to remove these designations in the future.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Trust and/or passage of time. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when 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.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Cash and cash equivalents

For financial statement purposes, highly liquid investments with original maturities of three months or less when purchased are reported as cash and cash equivalents. For the nine-month period ended December 31, 2025 and the twelve-month period ended March 31, 2025, the Trust had cash equivalents of \$46,655 and \$26,577, respectively.

SOUTHERN CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Investments

The Trust's investments consist of various marketable securities held at financial institutions. Investment earnings, including interest and dividend income and realized and unrealized gains and losses, are recorded in net assets without donor restriction unless their use is restricted by explicit donor stipulation. Investment revenue is presented in the consolidated statement of activities net of investment expense.

Contributions receivable

Unconditional promises to give, expected to be collected within one year, are recorded at net realizable value. Those expected beyond one year are recorded at the present value of estimated future cash flows, discounted using risk-adjusted interest rates applicable at the time of the pledge. Any discount amortization is included in contributions revenue. Conditional promises to give are recognized as support only when conditions are met.

Fixed assets and property improvements

Fixed assets are stated at cost with the exception of donated items, which are stated at fair market value at the date of donation. Expenditures for renewals and improvements are charged to the property accounts. Expenditures such as maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to operations. The cost and related accumulated depreciation are removed from the accounts for equipment sold or retired. Acquisitions that have an estimated useful life greater than one year are capitalized and are depreciated on the straight-line basis. Items that are considered fixed assets are land, land improvements, buildings, leasehold improvements, furniture and equipment, capital leases, computer software and collections. Land improvements over \$5,000 are capitalized as fixed assets. Leasehold improvements over \$10,000 are considered fixed assets. Furniture, fixture, equipment, and computer software are capitalized if they are greater than \$5,000. The cost and related accumulated depreciation are removed from the accounts for items sold or retired. Depreciation is provided on the straight-line basis over the estimated useful lives from 3 to 40 years.

Financial instruments

The financial instruments shown as assets and liabilities in the consolidated statements of financial position are traditional in nature. The carrying value of cash and cash equivalents and all other financial instruments, including receivables and payables, approximate their fair value.

Estimates

Management of the Trust makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the consolidated financial statements in conformity with GAAP. Actual results could differ from these estimates.

SOUTHERN CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In-kind contributions

The Trust records as support and expenses the fair market value of donated materials and services in accordance with the provisions of ASC 958-605-25-16. This statement requires that contributions of services be recognized if the services create or enhance non-financial assets or require specialized skills that must be purchased if not donated. Such services, when incurred, are included in the accompanying consolidated statements of activities based on their estimated fair market value on the date of service.

Contributed property, improvements 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.

Volunteers contribute significant amounts of time to our program services, administration, and fundraising activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Revenue recognition

Donated securities, conservation land, and easements are recorded as support at their estimated fair value on the date of donation. These donations are reported as net assets without donor restrictions unless the donor specifies a restricted purpose. Assets with explicit usage restrictions are classified as net assets with donor restrictions.

Contributions and grants are recognized when substantially all conditions are met. Grant funds received in advance are recorded as refundable advances. Revenue from contracts is recognized upon service completion.

Special events

Special events consist primarily of ticket sales and sponsorships. The Trust records special events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the excess received when the event takes place. Performance obligations related to special events are transferred to the customer at a point in time and is recognized at the conclusion of the event. Special event contributions are conditional promises to give and are not recognized as revenue in the financial statements until the event takes place. The Trust received \$24,396 and \$0 in advanced payments of for the nine-month period ended December 31, 2025 and the twelve-month period ended March 31, 2025, respectively, which is included in other current liabilities on the statement of financial position.

SOUTHERN CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Earned Revenue

Earned income consists of environmental education programs, summer camps, nature center activities, professional environmental services, and land leases. Performance obligations related to fee for service contracts are transferred to the customer over time. The principal terms of revenue recognition is ratably over the term of the contract as the Trust satisfies the promised obligations. Payment terms vary from payments due up front to payments due per agreed upon payment schedule; therefore, contract assets and contract liabilities may exist at period end. Contract assets are shown on the statement of financial position as accounts receivable. Contract liabilities are shown on the statement of financial position as deferred revenue. The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized. The Trust's fee for service contracts do not contain variable consideration and contract modifications are generally minimal. There is no contingent revenue. The Trust had deferred revenues of \$11,132 and \$24,600 for the nine-month period ended December 31, 2025 and the twelve-month period ended March 31, 2025, respectively, which is included in other current liabilities on the statement of financial position. The Trust did not have any contract assets at December 31, 2025.

Owned property

Purchased property is recorded at acquisition cost. Property received by donation is recorded at its estimated fair value at the date of the donation. Such donations are reported as net assets without donor restrictions, unless the donor has restricted the donated land to a specific purpose. Property donated with explicit restrictions regarding its use is reported as net assets with restrictions. Costs incurred in carrying parcels of real estate, such as taxes and maintenance, are expensed as incurred. Property parcels determined to have no ecological value may be sold to support the organization's three mission pillars. To ensure the Organization's commitment to its mission, real estate with ecological value is held or transferred, including by sale, to appropriate conservation partners. When property is transferred, the related costs are removed from the respective accounts, and the gain or loss on the disposition is credited as a nonoperating change on the consolidated statement of activities. Property value is held at a constant value and is not adjusted for depreciation or re-assessment. Also see Note 8 regarding owned property.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated between program activities and management and general expenses. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Indirect expenses have been allocated based primarily on salary expenditures.

SOUTHERN CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income taxes

The Trust qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Trust is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. The Trust had no income from unrelated activities and has no income taxes due as of December 31, 2025 and March 31, 2025.

The Trust's application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes the Trust has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. The Trust would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. The Trust is no longer subject to examination by federal, state or local tax authorities for periods before 2022.

Subsequent events

In preparing the financial statements, the Trust has evaluated events and transactions for potential recognition or disclosure through May 6, 2026 the date the financial statements were available to be issued.

3. AVAILABILITY AND LIQUIDITY

The following represents the Trust's financial assets at December 31, 2025, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets:

Cash and cash equivalents	\$ 1,273,333
Investments	6,689,830
Contributions receivable - short-term	38,963
Notes receivable - short-term	<u>474,281</u>

Financial assets at nine-month period end	8,476,407
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Less amounts not available to be used within one year:

Net assets with donor restrictions	<u>(625,217)</u>
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Financial assets available to meet cash needs
for general expenditures within one year

\$ 7,851,190

The Trust's target for the combined amount of cash to be held in the Operating Fund and Operation Reserve Fund is 6 months of expenses based on the approved annual budget. The objective is to maintain operational efficiency while maximizing the return on investment of these funds and avoiding unnecessary costs.

SOUTHERN CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (“FASB”) Accounting Standards Codifications (“ASC”) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. Under ASC 820, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Unobservable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3: Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

The Trust’s financial instruments measured at fair value on a recurring basis in accordance with ASC 820 as of December 31, 2025 and March 31, 2025, are deemed as Level 1.

5. INVESTMENTS

Investments at December 31, 2025 and March 31, 2025 are carried at fair value and consists of the following:

	December 31, 2025	March 31, 2025
ETFs	\$ 4,470,299	\$ 3,680,370
Fixed Income	1,987,084	2,233,004
Mutual Funds	<u>232,447</u>	<u>264,369</u>
Total investments	<u>\$ 6,689,830</u>	<u>\$ 6,177,743</u>

Investment revenue for the nine-month period ended December 31, 2025 and the twelve-month period ended March 31, 2025 is comprised of the following:

	December 31, 2025	March 31, 2025
Unrealized gains	\$ 609,198	\$ (209,662)
Interest and dividends	199,032	243,914
Realized gains	138,398	509,408
Management fees	<u>(32,285)</u>	<u>(42,354)</u>
Total investment revenue	<u>\$ 914,343</u>	<u>\$ 501,306</u>

SOUTHERN CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

6. FIXED ASSETS, NET

Fixed assets at December 31, 2025 and March 31, 2025, consisted of the following:

	December 31, 2025	March 31, 2025
Land	\$ 1,002,268	\$ 1,002,268
Building	443,088	443,088
Leasehold/Land improvements	243,818	243,818
Furniture, fixtures and equipment	242,173	248,168
Automobiles	101,864	101,864
Building improvements	76,398	76,398
Construction in progress	<u>12,520</u>	<u>12,520</u>
Total fixed assets	2,122,129	2,128,124
Less: accumulated depreciation	<u>(572,529)</u>	<u>(502,780)</u>
Total fixed assets, net	<u>\$ 1,549,600</u>	<u>\$ 1,625,344</u>

Leasehold/Land improvements includes improvements made on the owned properties and leased properties of the Trust. The Trust leases 1 properties on 308 acres of land. The lease payments are \$1 annually for each lease.

7. NOTES RECEIVABLE

The Trust holds a note receivable from Rarity Mountain, with an original principal balance of \$2,456,340. The note accrues interest at a fixed rate of 3.0% per annum and requires monthly payments of \$44,137.21, comprising principal and interest. The note is set to mature on July 1, 2027. The note receivable is secured by a Deed of Trust on parcels of land in Shelby County, Tennessee.

Future minimum principal payments due under the note receivable as of December 31, 2025, are as follows:

December 31,	
2026	\$ 474,281
2027	<u>148,511</u>
Total minimum principal payments	<u>\$ 622,792</u>

SOUTHERN CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. OWNED PROPERTIES

The Trust accepts fee title to donated properties that are held by the Trust in furtherance of its mission. All valued properties have been donated free of restriction on their use or disposition. The Trust may also purchase real property for the furtherance of its mission. Such purchased property is recorded at cost. At December 31, 2025, the Trust held 38 properties on 5,488 acres of land of \$19,471,680. At March 31, 2025, the Trust held 38 properties on 5,247 acres of land of \$18,611,072.

9. CONSERVATION EASEMENTS

The Trust has acquired and holds a number of conservation easements, each representing a legal interest in land owned by another person or entity. The easements grant the Trust the right to use, control, and/or protect the land for conservation purposes. Because of the unique nature of these assets, the impracticality of obtaining consistent and reliable estimates of the values ascribed to these interests, and consistent with the practices followed by many environmental land trusts, the accompanying consolidated financial statements do not include any amounts for these property interests. At December 31, 2025, the Trust held 243 conservation easements on 56,538 acres of land. At March 31, 2025, the Trust held 239 conservation easements on 56,403 acres of land.

10. STEWARDSHIP COMMITMENT

Protecting and enhancing the conservation values of the lands acquired by the Trust, and doing so in perpetuity, is an important aspect of the Trust's work. The Trust evaluates each property it holds for its conservation value, as well as the threats to these values, and develops and implements a stewardship plan based on this analysis. The plan includes detailed monitoring on an annual basis. Current costs associated with the Trust's stewardship efforts are expensed as incurred. The costs of future obligations represent a commitment of the Trust and will be recorded as they are incurred.

11. CONCENTRATIONS OF CREDIT RISK

The Trust maintains deposits at both federally insured credit unions and banks. Deposits at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, per ownership category.

As of December 31, 2025, the Trust held funds of \$1,013,374 that exceeded the FDIC insurance limit, and were therefore uninsured. Management regularly evaluates the credit risk associated with these institutions and takes steps to mitigate exposure to uninsured balances.

SOUTHERN CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. NET ASSETS

Net assets without donor restrictions were as follows for the nine-month period ended December 31, 2025 and twelve-month period ended March 31, 2025:

	December 31, 2025	March 31, 2025
Undesignated	\$ 28,628,854	\$ 28,342,210
<i>Board designated:</i>		
Sam's Lake Bird Sanctuary	<u>392,955</u>	<u>392,955</u>
Total net assets without donor restrictions	<u>\$ 29,021,809</u>	<u>\$ 28,735,165</u>

Net assets with donor restrictions were as follows for the nine-month period ended December 31, 2025 and twelve-month period ended March 31, 2025:

	December 31, 2025	March 31, 2025
<i>Subject to purpose restriction:</i>		
Easements	\$ 296,089	\$ 168,104
Other	<u>46,478</u>	<u>25,727</u>
Total	<u>342,567</u>	<u>193,831</u>
<i>Subject to perpetual restriction:</i>		
Easements	<u>282,650</u>	<u>252,750</u>
Total net assets with donor restrictions	<u>\$ 625,217</u>	<u>\$ 446,581</u>

Net assets with donor restrictions released from restrictions were as follows for the nine-month period ended December 31, 2025 and the twelve-month period ended March 31, 2025:

	December 31, 2025	March 31, 2025
<i>Subject to purpose restriction:</i>		
Other	\$ <u>11,480</u>	\$ <u>39,470</u>
Total released from restrictions	<u>\$ 11,480</u>	<u>\$ 39,470</u>