

**CONSERVATION LAW FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED JULY 31, 2025 AND 2024**

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES  
FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**Table of Contents**

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	1 - 3
<b>Consolidated Financial Statements</b>	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Cash Flows	6 - 7
Notes to Consolidated Financial Statements	8 - 31
<b>Consolidating Supplementary Information</b>	
Statement of Activities and Changes in Net Assets	32

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Conservation Law Foundation, Inc. and Subsidiaries  
Boston, Massachusetts

### **Opinion**

We have audited the accompanying consolidated financial statements of Conservation Law Foundation, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of financial position as of July 31, 2025 and 2024, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Conservation Law Foundation, Inc. and Subsidiaries as of July 31, 2025 and 2024, and the changes in their net assets and their 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 Conservation Law Foundation, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audits. We believe 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Conservation Law Foundation, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Conservation Law Foundation, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Conservation Law Foundation, Inc. and Subsidiaries' 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information contained in the schedule on page 32 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Braintree, Massachusetts  
December 22, 2025

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JULY 31, 2025 AND 2024**

**ASSETS**

	<b><u>2025</u></b>	<b><u>2024</u></b>
Assets:		
Cash and cash equivalents	\$ 1,475,427	\$ 3,132,201
Accounts receivable	396,625	242,855
Contributions and grants receivable, net	12,613,535	15,421,554
Prepaid expenses and other assets	654,567	195,847
Investments, at fair value	27,169,367	26,728,269
Investments related to charitable gift annuities	274,298	283,833
Investments - deferred compensation plan	179,734	-
Property and equipment, net	5,730,657	6,103,102
Operating lease right-of-use assets	351,298	371,552
Beneficial interests in charitable trusts	500,732	472,414
Security deposits	<u>22,610</u>	<u>22,160</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 49,368,850</u></b>	<b><u>\$ 52,973,787</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable	\$ 935,013	\$ 960,802
Accrued expenses	1,412,380	1,417,206
Deferred compensation plan	179,734	166,750
Operating lease liabilities	359,320	379,335
Finance lease liabilities	29,793	31,043
Bond payable	3,725,486	3,837,778
Charitable gift annuity liability	145,622	126,795
Security deposits	<u>23,580</u>	<u>24,267</u>
Total liabilities	<u>6,810,928</u>	<u>6,943,976</u>
Net assets:		
Without donor restrictions:		
Undesignated	2,944,544	2,488,376
Board-designated	<u>9,318,200</u>	<u>9,483,122</u>
Total net assets without donor restrictions	<u>12,262,744</u>	<u>11,971,498</u>
With donor restrictions:		
Subject to expenditure for specified purpose	19,759,511	24,119,160
Subject to the passage of time	767,793	727,837
Endowment	<u>9,767,874</u>	<u>9,211,316</u>
Total net assets with donor restrictions	<u>30,295,178</u>	<u>34,058,313</u>
Total net assets	<u>42,557,922</u>	<u>46,029,811</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 49,368,850</u></b>	<b><u>\$ 52,973,787</u></b>

See accompanying notes to consolidated financial statements.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

	<u>2025</u>			<u>2024</u>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Contributed support:						
Contributions	\$ 6,018,412	\$ 4,771,206	\$ 10,789,618	\$ 8,686,334	\$ 13,381,154	\$ 22,067,488
Grants	<u>360,868</u>	<u>10,198,037</u>	<u>10,558,905</u>	<u>385,167</u>	<u>15,295,090</u>	<u>15,680,257</u>
Total contributed support	<u>6,379,280</u>	<u>14,969,243</u>	<u>21,348,523</u>	<u>9,071,501</u>	<u>28,676,244</u>	<u>37,747,745</u>
Earned and other revenue:						
Fees for services	1,918,063	-	1,918,063	3,520,813	-	3,520,813
Realized/unrealized gains on investments	495,202	863,329	1,358,531	728,667	1,100,049	1,828,716
Dividend and interest income	750,200	94,441	844,641	537,865	84,628	622,493
Rent and other earned revenue	135,782	-	135,782	110,716	-	110,716
Change in the value of split-interest agreements	<u>(1,529)</u>	<u>11,497</u>	<u>9,968</u>	<u>(6,650)</u>	<u>13,082</u>	<u>6,432</u>
Total earned and other revenue	<u>3,297,718</u>	<u>969,267</u>	<u>4,266,985</u>	<u>4,891,411</u>	<u>1,197,759</u>	<u>6,089,170</u>
Net assets released from donor restrictions:						
Satisfaction of purpose restrictions (grants)	12,032,882	(12,032,882)	-	9,896,459	(9,896,459)	-
Satisfaction of purpose restrictions (contributions)	7,246,010	(7,246,010)	-	3,357,440	(3,357,440)	-
Satisfaction of purpose restrictions (investment income)	<u>422,753</u>	<u>(422,753)</u>	<u>-</u>	<u>416,127</u>	<u>(416,127)</u>	<u>-</u>
Total net assets released from donor restrictions	<u>19,701,645</u>	<u>(19,701,645)</u>	<u>-</u>	<u>13,670,026</u>	<u>(13,670,026)</u>	<u>-</u>
Total earned revenue, contributed support, and other revenue	<u>29,378,643</u>	<u>(3,763,135)</u>	<u>25,615,508</u>	<u>27,632,938</u>	<u>16,203,977</u>	<u>43,836,915</u>
Expenses:						
Program	23,812,994	-	23,812,994	21,727,927	-	21,727,927
Development and member engagement	2,706,214	-	2,706,214	2,642,057	-	2,642,057
General and administrative	<u>2,568,189</u>	<u>-</u>	<u>2,568,189</u>	<u>2,498,134</u>	<u>-</u>	<u>2,498,134</u>
Total expenses	<u>29,087,397</u>	<u>-</u>	<u>29,087,397</u>	<u>26,868,118</u>	<u>-</u>	<u>26,868,118</u>
Changes in net assets	291,246	(3,763,135)	(3,471,889)	764,820	16,203,977	16,968,797
Net assets - beginning	<u>11,971,498</u>	<u>34,058,313</u>	<u>46,029,811</u>	<u>11,206,678</u>	<u>17,854,336</u>	<u>29,061,014</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 12,262,744</u>	<u>\$ 30,295,178</u>	<u>\$ 42,557,922</u>	<u>\$ 11,971,498</u>	<u>\$ 34,058,313</u>	<u>\$ 46,029,811</u>

See accompanying notes to consolidated financial statements.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Operating activities:		
Changes in net assets	\$ (3,471,889)	\$ 16,968,797
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	492,855	487,951
Change in value of split-interest agreements	(9,968)	(6,432)
Realized and unrealized gains on investments	(1,358,531)	(1,828,716)
Amortization of operating lease right-of-use assets	156,650	134,502
Noncash interest	19,507	19,507
Changes in operating assets and liabilities:		
Accounts receivable	(153,770)	276,435
Contributions and grants receivable	2,808,019	(12,957,256)
Prepaid expenses	(458,720)	9,418
Security deposits	(450)	(270)
Accounts payable	(25,789)	72,796
Accrued expenses	(171,576)	343,980
Deferred compensation plan	12,984	166,750
Operating lease liabilities	(156,411)	(129,599)
Charitable gift annuity obligation	477	26,679
Security deposits	<u>(687)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(2,317,299)</u>	<u>3,584,542</u>
Investing activities:		
Proceeds from sales of investments	1,795,070	698,514
Purchases of investments	(881,086)	(5,159,576)
Purchases of property and equipment	<u>(112,250)</u>	<u>(56,838)</u>
Net cash provided by (used in) investing activities	<u>801,734</u>	<u>(4,517,900)</u>
Financing activities:		
Payments of bond payable	(131,799)	(126,450)
Payments on finance lease obligations	<u>(9,410)</u>	<u>(11,108)</u>
Net cash used in financing activities	<u>(141,209)</u>	<u>(137,558)</u>
Net decrease in cash and cash equivalents	(1,656,774)	(1,070,916)
Cash and cash equivalents - beginning	<u>3,132,201</u>	<u>4,203,117</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ <u>1,475,427</u></b>	<b>\$ <u>3,132,201</u></b>

See accompanying notes to consolidated financial statements.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ <u>148,704</u>	\$ <u>153,651</u>
Supplemental schedules for non-cash investing and financing activities:		
Property and equipment acquired	\$ 120,410	\$ 72,292
Property and equipment obtained in connection with finance leases	<u>8,160</u>	<u>15,454</u>
Cash paid to acquire property and equipment	<u>\$ 112,250</u>	<u>\$ 56,838</u>
Operating lease liabilities and right-of-use assets recognized	<u>\$ 136,396</u>	<u>\$ 179,973</u>

See accompanying notes to consolidated financial statements.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 1. ORGANIZATION**

Conservation Law Foundation, Inc. (the "Foundation") is a public interest environmental law organization, with its primary operating facility located in Boston, Massachusetts. The Foundation's mission is to use the law to the fullest extent to improve the management of natural resources and protect the environment and public health throughout New England. The Foundation's support comes primarily from individual contributions and foundation grants.

CLF Ventures, Inc. ("CLF Ventures") was incorporated in January 1997 as a not-for-profit organization under Massachusetts General Laws ("M.G.L.") Chapter 180. CLF Ventures was created to further accomplish the mission of the Foundation (its sole corporate member) by engaging in legal, consulting, community organizing and other such services to be performed with or without a fee and all with the purpose of promoting the public interest and the purposes of the Foundation. A majority of the board members of CLF Ventures are also board members of the Foundation.

Environmental Insurance Agency (the "Agency") was incorporated in August 1997 as a for-profit organization under M.G.L. Chapter 156(B). The Agency was created to act as an agent in the marketing of personal auto insurance to environmentally conscious consumers. CLF Ventures owns 92% of the Agency with two other unrelated entities each owning 4%.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Consolidation

The consolidated financial statements include the accounts of Conservation Law Foundation, Inc., CLF Ventures, Inc. and Environmental Insurance Agency (the "Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

Financial Statement Presentation

The Organization follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 *Presentation of Financial Statements of Not-for-Profit Entities*. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified 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 objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of trustees.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial Statement Presentation (continued)

*Net Assets with Donor Restrictions* - Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor had stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments with original maturities of three months or less. The Organization maintains its cash and cash equivalents in money market and bank deposit accounts and certificates of deposits, which, at times, may exceed federal insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount that management expects to collect from outstanding balances. Accounts receivable are carried at original invoice amount less an estimate for doubtful accounts, and changes in the allowance are adjusted through bad debt expense. The Organization assesses collectibility by reviewing accounts receivable on a collective basis where similar risk characteristics exist. In determining the amount of the allowance for doubtful accounts, management considers historical collectibility and makes judgments about the creditworthiness of the pool of customers based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for doubtful accounts. Uncollectible accounts are written off when all collection efforts have been exhausted. Recoveries of receivables previously written off are recorded when received.

Accounts receivable were \$396,625, \$242,855, and \$519,290 as of July 31, 2025, 2024, and 2023. The Organization did not have an allowance for doubtful accounts for the years ended July 31, 2025 and 2024, respectively.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions and Grants Receivable

Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Multi-year pledges received during the fiscal year are recorded at their estimated net realizable value discounted at an appropriate discount rate commensurate with the risk involved. An allowance is made for uncollectible pledges based on management's judgment, past collection experience and other relevant factors. The Organization did not have an allowance for doubtful pledges for the years ended July 31, 2025 and 2024.

Property and Equipment

Property and equipment with an expected useful life greater than one year and a cost greater than \$5,000 are capitalized at cost or, if donated, at the fair value on the date of the contribution. Depreciation is computed on the straight line method over the estimated useful lives of the assets as follows:

<u>Assets</u>	<u>Years</u>
Building	31-39
Building improvements	10-20
Furniture and equipment	3-7

Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

Construction in Progress

Property and equipment includes construction in progress on certain projects which have not yet been completed or placed in service (see Note 6).

Impairment of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets, including the Organization's right-of-use assets, in accordance with the FASB ASC 360 *Property, Plant and Equipment*. This Topic requires that long-lived assets, including the Organization's right-of-use assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At July 31, 2025 and 2024, the Organization has determined that no long-lived assets are impaired.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Leases

The Organization has operating lease agreements for certain office spaces under terms ranging up to six years. The Organization determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized in the consolidated statements of financial position.

Lease terms include the noncancelable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Organization has lease agreements with lease and nonlease components, which are generally accounted for separately with amounts allocated to the lease and nonlease components based on stand-alone prices. The Organization uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

Leases may contain fixed and determinable escalation clauses for which Organization recognizes rental expense under the lease on a straight-line basis over the lease terms, which includes the period of time from when the Organization takes possession of the leased space, and the cumulative expense recognized on the straight-line basis in excess of the cumulative payments. The lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leases with an initial term of 12 months or less are not recorded in the consolidated statements of activities and changes in net assets; the Organization recognizes lease expense for these leases on a straight-line basis over the lease term.

Investments

Investments have been reported in the consolidated financial statements at fair value. The fair value of publicly traded securities is based upon quotes from the principal exchanges on which the security is traded. Alternative investments are carried at the net asset value per share based on the most recent valuations provided by the investment managers and respective general partners. Investment income and investment gains and losses are reported as increases in net assets without donor restrictions or net assets with donor restrictions if restricted by explicit donor stipulations or law.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair Value Measurement

The Organization follows the provisions of the *Fair Value Measurements* Topic of the FASB ASC. This Topic defines fair value as the exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. In addition, the Organization reports certain investments using the net asset value per share as determined by investment managers under the "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value measurement standards also require the Organization to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique. The three levels of the fair value hierarchy are described below.

Level 1 - Quoted prices that are available in active markets for identical assets or liabilities. The types of financial instruments included in Level 1 are marketable equity securities that are traded in an active exchange market.

Level 2 - Pricing inputs other than quoted prices in active markets, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Instruments included in this category include investments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair Value Measurement (continued)

The following is a description of the valuation methodologies used for asset investments measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes in the methodologies used at July 31, 2025 and 2024.

- Money market funds, corporate stocks, exchange traded funds and mutual funds - Investments whose values are based on quoted market prices in active markets are classified as Level 1. These investments include publicly traded mutual funds. The fair values of mutual funds are determined using the calculated Net Asset Value ("NAV"). Such mutual funds are registered under the Investment Company Act of 1940 and regularly transact purchases and redemptions at the NAV. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.
- Fixed income funds - Fixed income funds represent a managed portfolio of investment grade treasury, agency and corporate bonds. The treasury, agency and corporate bonds are valued based on inputs that are either directly or indirectly observable. The treasury, agency and corporate bonds are categorized as Level 2.
- Beneficial interests in charitable trusts and Private equity fund - The fair value of the beneficial interests in charitable trusts is determined by using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. The fair value of the beneficial interests in charitable trusts is based on the fair value of fund investments as reported by the trust. Private equity investment fund represents an investment designed to provide low-cost patient equity for transformative mixed-use, mixed-income real estate projects in Massachusetts. The private equity investment fund is valued based on inputs that are unobservable. The beneficial interests in charitable trusts and private equity investment fund are categorized as Level 3.
- Alternative investments - Alternative investments are reported at the NAV per unit. The NAV is used as the practical expedient to estimate fair value and is based on the fair value of the underlying assets held by the fund, less its liabilities and then divided by the number of units outstanding.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair Value Measurement (continued)

The Organization uses NAV to determine the fair value of investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Such investments are excluded from the fair value hierarchy in accordance with U.S. GAAP.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Endowment

The Foundation's endowment includes funds designated by the board of trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation manages its endowment consistent with the Massachusetts Act, the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Foundation's policy is to preserve the value of the original gifts as of the gift date and classify the gifts as net assets held in perpetuity. The remaining portion of the endowment is the net appreciation, which is classified as net assets with donor restriction and board restricted net assets, which may be appropriated for expenditure consistent with donor restrictions and the Foundation's total return spending policy.

*Return Objectives and Risk Parameters* - The Foundation has adopted an investment philosophy which, combined with the spending rate, attempts to preserve the real purchasing power of its assets over time, while providing a continuing and consistent stream of monthly distributions in support of the current and future mission of the Foundation.

Endowment assets include donor-restricted funds that the Foundation must hold in perpetuity. Under the Foundation's investment policy and spending rate, both of which are approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Endowment (continued)

*Strategies Employed for Achieving Objectives* - To satisfy its long-term rate-of-return objectives, the Foundation relies on both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Finance Committee of the Board is responsible for selecting the fund manager.

*Spending Policy and How the Investment Objectives Relate to Spending Policy* - The Foundation has a policy of annually appropriating for expenditure an amount of up to 5% of the average fair value of the endowment, measured as of the last day of the calendar month for the thirty-six months immediately preceding the fiscal year in which the appropriation for expenditure is approved. Distributions are made monthly in an amount equal to the average market value of the restricted funds averaged out over a three-year period.

Charitable Gift Annuities

The Foundation has entered into several charitable gift annuity agreements whereby the donor contributes assets in exchange for distributions over a specific period of time to the donor or other beneficiaries. At the end of the specified time, the remaining assets are available for the Foundation's use. Charitable gift annuities are recognized in the period in which the contract is executed. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue.

Beneficial Interests in Charitable Trusts

The Foundation is the beneficiary of a charitable remainder unitrust. This charitable remainder unitrust provides for the payment of distributions to certain designated beneficiaries over the trust's terms. At the end of the trust's term, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is included in net assets with donor restrictions in the accompanying consolidated statements of financial position.

The Foundation also has a beneficial interest in a perpetual trust which consists of the Foundation's proportionate share of the fair value of assets held by trustees in trust for the benefit of the Foundation in perpetuity, the income from which is available for distribution to the Foundation periodically. The assets held in trust consist primarily of cash equivalents and marketable securities. The fair value of the perpetual trust is measured using the fair value of the assets contributed to the trust and is included in net assets with donor restrictions in the accompanying consolidated statements of financial position.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Bond Issuance Costs

The Foundation has capitalized the costs associated with obtaining bond financing (see Note 10). Loan acquisition costs are amortized over the life of the related loan and are presented as a direct reduction of the outstanding bond payable on the accompanying consolidated statements of financial position. Amortization of deferred financing costs is reported as interest expense.

Revenue Recognition

The Organization derives revenue and support primarily from grants, contributions, fees for services and rental revenue.

*Grants and Contributions*

Grants and contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Grants and contributions with grantor-imposed or donor-imposed time or purpose restrictions are recorded as revenues with donor restrictions when received and are released from restriction to net assets without donor restrictions upon expiration of the restriction or satisfaction of the purpose restriction. Grants and contributions subject to grantor-imposed or donor-imposed stipulations that are met in the same reporting period are reported as revenues without donor restrictions.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with donor stipulations are reported as revenues with donor restrictions; the restrictions are considered to be released at the time such long-lived assets are placed in service.

*Fees for Services*

Revenues from these services are recognized over the period the services are rendered. Legal fees recovered are recognized when the Organization is the prevailing party, and at the point the court enters a final judgment or approves settlement; or the parties settle out of court. In consideration of its fiscal sponsorship, the Organization will receive sponsorship fees based on the percentage of the total grants and contributions collected on behalf of sponsored organizations.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (continued)

*Rental Revenue*

Rental revenue is attributable to a commercial lease. The commercial lease is for a period of five years and is recorded when due, generally upon the first day of each month.

Donated Services

The Organization recognizes contributions of services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation. The Organization received approximately \$502,000 and \$462,000 of donated legal and other professional services during the years ended July 31, 2025 and 2024, respectively. These services would not have been purchased if not donated. As such, no contribution is reflected in the accompanying consolidated statements of activities and changes in net assets.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying consolidated financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. Certain costs such as salaries and related expenses are allocated on the basis of time and effort. Expenses such as depreciation, rent, and travel are allocated based on square footage and mileage.

Taxes

Conservation Law Foundation and CLF Ventures are not-for-profit organizations that are exempt from federal and state corporate income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Accordingly, no provision for income taxes has been included in the accompanying consolidated financial statements.

The Agency is a for-profit entity subject to federal and state income taxes. The Agency accounts for income taxes under ASC 740, *Income Taxes*. This standard requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the Agency's financial statements or tax returns.

Deferred tax liabilities and assets are determined based on the difference between the financial statements carrying amounts and tax bases of existing assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Taxes (continued)

U.S. GAAP requires the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service ("IRS"). Management believes that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Reclassifications

Certain amounts included in the 2024 consolidated financial statements have been reclassified to conform to the 2025 presentation. These reclassifications had no effect on previously reported net assets or the change in net assets.

Subsequent Events

The Organization has evaluated all events subsequent to the consolidated statement of financial position date of July 31, 2025, through the date which the consolidated financial statements were available to be issued, December 22, 2025, and has determined that there are no subsequent events that require additional disclosure under FASB ASC 855 *Subsequent Events*.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 3. AVAILABILITY AND LIQUIDITY**

The following represents the Organization's available financial assets as of July 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,475,427	\$ 3,132,201
Accounts receivable, net	396,625	242,855
Contributions and grants receivable, net	12,613,535	15,421,554
Investments, at fair value	27,169,367	26,728,269
Investments related to charitable gift annuities	274,298	283,833
Investments - deferred compensation plan	179,734	-
Beneficial interests in charitable trusts	<u>500,732</u>	<u>472,414</u>
Total financial assets	<u>42,609,718</u>	<u>46,281,126</u>
Less: amounts not available to be used within one year:		
Investments - deferred compensation plan	179,734	-
Net assets with donor restrictions	30,295,178	34,058,313
Board-designated net assets	<u>9,318,200</u>	<u>9,483,122</u>
	<u>39,613,378</u>	<u>43,541,435</u>
Add: amounts available to be used within one year:		
Endowment appropriation	655,000	640,000
Net assets with time or purpose restrictions to be met in less than a year	<u>9,600,000</u>	<u>15,000,000</u>
	<u>10,255,000</u>	<u>15,640,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,251,340</u>	<u>\$ 18,379,691</u>

The Organization's endowment funds consist of donor-restricted endowments and board-designated funds acting as an endowment. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The endowment has a spending policy of 5% of the average fair value of the endowment over the preceding 36 months. Additional withdrawals from the board-designated funds acting as an endowment may occur during the year to fund general expenditures subject to the approval by the board of trustees.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 4. FISCAL SPONSORSHIP**

The Organization entered into fiscal sponsorship agreements with organizations or groups organized and operated exclusively for charitable, educational, and scientific purposes. The sponsored organizations conduct activities that align with the mission and purpose of the Organization. The terms of the agreements require the Organization to collect contributions on behalf of the sponsored organizations and report them as grants or contributions in the consolidated statements of activities and changes in net assets. In consideration of its fiscal sponsorship, the Organization will receive sponsorship fees based on the percentage of the total grants and contributions collected on behalf of sponsored organizations. This fee is calculated and paid directly from the sponsored organizations' grants and contributions annually. The Organization recognized \$383,398 and \$249,680 in fiscal sponsorship revenue for the years ended July 31, 2025 and 2024, respectively, which is recorded with fees for services in the consolidated statement of activities and changes in net assets.

**NOTE 5. CONTRIBUTIONS AND GRANTS RECEIVABLE**

Contributions and grants receivable consisted of the following as of July 31:

	<u>2025</u>	<u>2024</u>
Gross contributions and grants receivable	\$ 14,475,124	\$ 17,233,070
Less: unamortized discount (3.25% - 8.50%)	<u>1,861,589</u>	<u>1,811,516</u>
Net contributions receivable	<u>\$ 12,613,535</u>	<u>\$ 15,421,554</u>

The expected collection period for contributions and grants receivable consisted of the following as of July 31:

	<u>2025</u>	<u>2024</u>
Less than one year	\$ 7,125,444	\$ 7,107,470
One to five years	<u>7,349,680</u>	<u>10,125,600</u>
Gross contributions and grants receivable	<u>\$ 14,475,124</u>	<u>\$ 17,233,070</u>

As of July 31, 2025 and 2024, the Organization had conditional grants. The amount of conditional grants remaining to be recognized as of July 31, 2025 and 2024 is \$2,535,000 and \$1,075,000, respectively. Revenue from conditional grants is recognized when the conditions of the grant terms have been substantially met.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 6. PROPERTY AND EQUIPMENT**

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

	<u>2025</u>	<u>2024</u>
Land	\$ 397,501	\$ 397,501
Building	4,550,297	4,550,297
Building improvements	5,227,957	5,227,957
Furniture and equipment	1,004,777	961,834
Construction in progress	<u>77,467</u>	<u>-</u>
	11,257,999	11,137,589
Less: accumulated depreciation and amortization	<u>5,527,342</u>	<u>5,034,487</u>
Property and equipment, net	<u>\$ 5,730,657</u>	<u>\$ 6,103,102</u>

These amounts include \$50,093 and \$41,933 related to equipment under finance leases at July 31, 2025 and 2024, respectively. Accumulated amortization associated with assets under finance leases at July 31, 2025 and 2024, was \$21,226 and \$11,479, respectively.

Construction in progress at July 31, 2025, consisted of architect services and building renovation costs that will be capitalized and placed into service in full in the next fiscal year. During the year ended July 31, 2024, there was no construction in progress.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 7. FAIR VALUE MEASUREMENTS**

The following fair value hierarchy table presents information about the Organization's financial assets and liabilities that were measured at fair value on a recurring basis as of July 31, 2025:

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Other Investments Measured at NAV (a)	Total
Money market funds	\$ 325,235	\$ -	\$ -	\$ -	\$ 325,235
U.S. treasuries	-	12,390,791	-	-	12,390,791
Government agency securities	-	1,404,451	-	-	1,404,451
Corporate bonds:					
AAA	-	176,760	-	-	176,760
AA-	-	187,429	-	-	187,429
A+	-	197,817	-	-	197,817
A-	-	521,539	-	-	521,539
A	-	292,515	-	-	292,515
BBB+	-	481,379	-	-	481,379
BBB	-	231,557	-	-	231,557
NR	-	-	-	-	-
Total corporate bonds	-	2,088,996	-	-	2,088,996
Corporate stocks:					
Technology	2,600,225	-	-	-	2,600,225
Financials	1,089,552	-	-	-	1,089,552
Communication services	966,304	-	-	-	966,304
Healthcare	778,698	-	-	-	778,698
Industrials	697,543	-	-	-	697,543
Consumer discretionary	684,424	-	-	-	684,424
Consumer staples	397,373	-	-	-	397,373
Materials	182,558	-	-	-	182,558
Real estate	181,421	-	-	-	181,421
Utilities	123,271	-	-	-	123,271
Total corporate stocks	7,701,369	-	-	-	7,701,369
Alternative investments (b)	-	-	-	3,063,509	3,063,509
Beneficial interests in charitable trusts	-	-	500,732	-	500,732
Private equity fund	-	-	202,003	-	202,003
Investments - deferred compensation plan:	179,734	-	-	-	179,734
Exchange traded funds	157,973	-	-	-	157,973
Mutual funds	109,338	-	-	-	109,338
	<u>\$ 8,473,649</u>	<u>\$ 15,884,238</u>	<u>\$ 702,735</u>	<u>\$ 3,063,509</u>	<u>\$ 28,124,131</u>

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following fair value hierarchy table presents information about the Organization's financial assets and liabilities that were measured at fair value on a recurring basis as of July 31, 2024:

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Other Investments Measured at NAV (a)	Total
Money market funds	\$ 246,158	\$ -	\$ -	\$ -	\$ 246,158
U.S. treasuries	-	12,966,838	-	-	12,966,838
Government agency securities	-	1,030,038	-	-	1,030,038
Corporate bonds:					
AAA	-	173,018	-	-	173,018
AA+	-	194,148	-	-	194,148
AA-	-	180,045	-	-	180,045
A+	-	195,449	-	-	195,449
A-	-	500,037	-	-	500,037
A	-	379,526	-	-	379,526
BBB+	-	360,485	-	-	360,485
BBB	-	198,320	-	-	198,320
NR	-	98,435	-	-	98,435
Total corporate bonds	-	2,279,463	-	-	2,279,463
Corporate stocks:					
Technology	2,482,488	-	-	-	2,482,488
Healthcare	937,552	-	-	-	937,552
Financials	891,969	-	-	-	891,969
Communication services	784,583	-	-	-	784,583
Consumer staples	610,934	-	-	-	610,934
Industrials	550,654	-	-	-	550,654
Consumer discretionary	495,195	-	-	-	495,195
Real estate	245,366	-	-	-	245,366
Consumer goods	154,941	-	-	-	154,941
Utilities	114,600	-	-	-	114,600
Materials	86,970	-	-	-	86,970
Energy	72,959	-	-	-	72,959
Total corporate stocks	7,428,211	-	-	-	7,428,211
Alternative investments (b)	-	-	-	2,721,415	2,721,415
Beneficial interests in charitable trusts	-	-	472,414	-	472,414
Private equity fund	-	-	108,861	-	108,861
Exchange traded funds	139,144	-	-	-	139,144
Mutual funds	91,974	-	-	-	91,974
	<u>\$ 7,905,487</u>	<u>\$ 16,276,339</u>	<u>\$ 581,275</u>	<u>\$ 2,721,415</u>	<u>\$ 27,484,516</u>

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)**

(a) - In accordance with ASC 820, *Fair Value Measurements*, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy amounts to amounts presented in the consolidated statements of financial position.

(b) - The Organization invests in a limited liability company, which seeks to achieve long-term capital appreciation by investing primarily in a diversified portfolio of primarily non-U.S. stocks of high quality companies that are selected with regard for both financial and sustainability criteria, while avoiding investments in companies primarily engaged in industries related to fossil fuel production. There are no unfunded commitments at July 31, 2025 and 2024, and redemptions are made daily and require a 1-30 day notice.

The changes in investments measured at fair value for which the Organization has used unobservable inputs (Level 3) to determine fair value are as follows:

	Beneficial Interests in Charitable Trusts	Private Equity Fund	Total
Balance at August 1, 2023	\$ 432,440	\$ 99,876	\$ 532,316
Investment income	39,974	-	39,974
Purchases of investments	-	8,985	8,985
Balance at July 31, 2024	472,414	108,861	581,275
Investment income	28,318	-	28,318
Purchases of investments	-	93,142	93,142
Balance at July 31, 2025	<u>\$ 500,732</u>	<u>\$ 202,003</u>	<u>\$ 702,735</u>

The following is quantitative information about unobservable inputs (Level 3) for the Organization as of July 31, 2025:

<u>Investments</u>	2025 Fair Value	2024 Fair Value	2025 Unfunded Commitments	2024 Unfunded Commitments	Valuation Technique	Unobservable Input	Price per Unit
Private equity fund	\$202,003	\$108,861	\$ 47,997	\$ 141,139	Cost	N/A	N/A

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 8. ENDOWMENT**

The Foundation's endowment consists of individual funds established for a variety of purposes, comprised of funds to be maintained in perpetuity and board-designated funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment Net Asset Composition by Type of Fund as of July 31, 2025:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Donor-restricted funds	\$ -	\$ 9,563,697	\$ 9,563,697
Board-designated funds	<u>5,338,019</u>	<u>-</u>	<u>5,338,019</u>
	<u>\$ 5,338,019</u>	<u>\$ 9,563,697</u>	<u>\$ 14,901,716</u>

Endowment Net Asset Composition by Type of Fund as of July 31, 2024:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Donor-restricted funds	\$ -	\$ 9,018,635	\$ 9,018,635
Board-designated funds	<u>5,060,246</u>	<u>-</u>	<u>5,060,246</u>
	<u>\$ 5,060,246</u>	<u>\$ 9,018,635</u>	<u>\$ 14,078,881</u>

Changes in Endowment Net Assets for the Year Ended July 31, 2025:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Net assets, beginning of year	<u>\$ 5,060,246</u>	<u>\$ 9,018,635</u>	<u>\$ 14,078,881</u>
Investment return:			
Investment income, net	49,032	87,388	136,420
Net appreciation	<u>448,228</u>	<u>798,855</u>	<u>1,247,083</u>
Total investment return	<u>497,260</u>	<u>886,243</u>	<u>1,383,503</u>
Appropriation of endowment assets for operations (draw)	<u>(219,487)</u>	<u>(391,181)</u>	<u>(610,668)</u>
Contributions	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Net assets, end of year	<u>\$ 5,338,019</u>	<u>\$ 9,563,697</u>	<u>\$ 14,901,716</u>

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 8. ENDOWMENT (CONTINUED)**

Changes in Endowment Net Assets for the Year Ended July 31, 2024:

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Total</u>
Net assets, beginning of year	\$ 4,644,554	\$ 8,307,475	\$ 12,952,029
Investment return:			
Investment income, net	45,773	78,308	124,081
Net appreciation	<u>594,993</u>	<u>1,017,906</u>	<u>1,612,899</u>
Total investment return	<u>640,766</u>	<u>1,096,214</u>	<u>1,736,980</u>
Appropriation of endowment assets for operations (draw)	<u>(225,074)</u>	<u>(385,054)</u>	<u>(610,128)</u>
Net assets, end of year	<u>\$ 5,060,246</u>	<u>\$ 9,018,635</u>	<u>\$ 14,078,881</u>

Endowment assets were comprised of the following at July 31:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 40,053	\$ 30,009
Investments	<u>14,861,663</u>	<u>14,048,872</u>
	<u>\$ 14,901,716</u>	<u>\$ 14,078,881</u>

In addition, withdrawals from board-designated endowments may occur subject to the approval of the board of trustees. There were no additional board-designated withdrawals for the years ended July 31, 2025 and 2024.

**NOTE 9. SPLIT-INTEREST AGREEMENTS**

Assets that relate to charitable gift annuities totaled \$274,298 and \$283,833, at July 31, 2025 and 2024, respectively. The liability related to charitable gift annuities was \$145,622 and \$126,795, at July 31, 2025 and 2024, respectively.

The assets recorded under beneficial interests in charitable trusts are included in the consolidated statements of financial position. The beneficial interest in the charitable remainder unitrust was \$296,555 and \$279,734, at July 31, 2025 and 2024, respectively. The beneficial interest in a perpetual trust was \$204,178 and \$192,681, at July 31, 2025 and 2024, respectively.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 10. BOND PAYABLE**

Bond payable consisted of the following as of July 31:

	<u>2025</u>	<u>2024</u>
Obligation with MassDevelopment, Conservation Law Foundation Issue, Series 2018, fixed interest rate of 3.75%, with balance due in full on October 1, 2028.	\$ 3,806,765	\$ 3,938,564
Less: bond issuance costs	<u>81,279</u>	<u>100,786</u>
Bond payable, net	<u>\$ 3,725,486</u>	<u>\$ 3,837,778</u>

Maturities of bond payable for the next five years and thereafter at July 31, 2025, are as follows:

<u>Year ending July 31:</u>	<u>Amount</u>
2026	\$ 136,852
2027	142,147
2028	147,284
2029	<u>3,380,482</u>
Total	<u>\$ 3,806,765</u>

Interest expense and fees associated with the debt were \$166,961 and \$172,308, for the years ended July 31, 2025 and 2024, respectively.

**NOTE 11. BOARD-DESIGNATED NET ASSETS**

The board of trustees (the "Board") has designated net assets without donor restrictions for both long-term purposes and short-term reserve purposes. The long-term purposes include board-designated endowment funds. For financial reporting purposes, net assets associated with endowment funds include net assets without donor restrictions designated by the board of trustees to function similarly to endowments. The Board also has designated a portion of net assets without donor restrictions as board-designated reserve funds to support multiple purposes that are generally shorter term in nature than endowment including operations of the Foundation, capital expenditures, special projects, one-time expenses and other initiatives that support the mission of the Foundation.

Board-designated net assets consisted of the following at July 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Board-designated endowment	\$ 5,338,019	\$ 5,060,246
Operational reserves	<u>3,980,181</u>	<u>4,422,876</u>
Total board-designated	<u>\$ 9,318,200</u>	<u>\$ 9,483,122</u>

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Grant revenue	\$ 10,515,455	\$ 12,350,300
Campaign for New England's Future	7,912,688	10,251,258
Hall Moskow Fund: To support the cost of volunteer senior fellows program	479,554	560,501
Clean Air & Water program	290,000	275,000
Healthy & Resilient Communities program	252,502	189,877
Internships	110,812	197,224
Savitz Fellowship	100,000	100,000
Advocacy	73,500	-
Human resources	25,000	65,000
Communications activities	-	40,000
Clean Energy Climate Change program	-	90,000
	<u>19,759,511</u>	<u>24,119,160</u>
Subject to the passage of time:		
Fosters Charitable Trust: For general support	<u>767,793</u>	<u>727,837</u>
Endowments:		
Subject to the Foundation's endowment spending policy and appropriation	4,363,149	3,868,088
Restricted in perpetuity:		
Endowment funds restricted in perpetuity	5,200,547	5,150,547
Beneficial interest in trust	<u>204,178</u>	<u>192,681</u>
	<u>9,767,874</u>	<u>9,211,316</u>
	<u>\$ 30,295,178</u>	<u>\$ 34,058,313</u>

**NOTE 13. BENEFIT PLANS**

The Foundation maintains a thrift plan under Code 403(b)(7) for eligible employees who elect to participate. The Foundation matches employee contributions on a dollar-for-dollar basis up to 5.0% of their annual compensation. An employee becomes eligible for the employer match immediately upon hire. The Foundation retains the right to change employer matching contribution amounts. Total employer contributions was \$732,383 and \$615,119, for the years ended July 31, 2025 and 2024, respectively.

**NOTE 14. DEFERRED COMPENSATION PLAN**

During the year ended July 31, 2024, the Foundation established a deferred compensation plan subject to Code 457(b) for certain eligible employees. The Foundation is funding the plan through investments in mutual funds. Total employer contributions for the year ended July 31, 2024 amounted to \$166,750. The Foundation did not have any employer contributions for the year ended July 31, 2025. For the years ended July 31, 2025 and 2024, the deferred compensation liability was \$179,734 and \$166,750, respectively.

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 14. DEFERRED COMPENSATION PLAN (CONTINUED)**

The Foundation established an investment fund to accumulate assets to fund the future deferred compensation payments. The investment is part of the general assets of the Foundation, and the eligible employees do not have a secured interest in them.

**NOTE 15. FUNCTIONAL CLASSIFICATION OF EXPENSES**

Expenses by functional classification for the year ended July 31, 2025, are as follows:

	<u>Program</u>	<u>General and Administrative</u>	<u>Development and Member Engagement</u>	<u>Total</u>
Salaries and wages	\$ 12,615,593	\$ 1,360,596	\$ 1,679,567	\$ 15,655,756
Professional and consultant fees	5,601,694	678,691	234,935	6,515,320
Payroll taxes and fringe benefits	2,876,693	346,572	381,679	3,604,944
Occupancy	931,725	70,797	101,689	1,104,211
Research, memberships and subscriptions	103,448	1,389	12,936	117,773
Travel and meetings	572,221	16,309	134,886	723,416
Depreciation and amortization	396,094	54,357	42,404	492,855
Printing, advertising and mailing	399,575	5,828	76,030	481,433
Interest, fees and taxes	276,836	24,140	26,708	327,684
Supplies and miscellaneous	<u>39,115</u>	<u>9,510</u>	<u>15,380</u>	<u>64,005</u>
	<u>\$ 23,812,994</u>	<u>\$ 2,568,189</u>	<u>\$ 2,706,214</u>	<u>\$ 29,087,397</u>

Expenses by functional classification for the year ended July 31, 2024, are as follows:

	<u>Program</u>	<u>General and Administrative</u>	<u>Development and Member Engagement</u>	<u>Total</u>
Salaries and wages	\$ 11,512,435	\$ 1,342,962	\$ 1,605,677	\$ 14,461,074
Professional and consultant fees	5,071,389	618,263	228,885	5,918,537
Payroll taxes and fringe benefits	2,703,606	336,405	375,858	3,415,869
Occupancy	875,792	68,966	111,039	1,055,797
Research, memberships and subscriptions	117,037	1,559	17,480	136,076
Travel and meetings	515,761	25,466	126,003	667,230
Depreciation and amortization	375,474	56,449	56,028	487,951
Interest, fees and taxes	271,065	24,140	33,835	329,040
Printing, advertising and mailing	249,208	5,674	70,354	325,236
Supplies and miscellaneous	<u>36,160</u>	<u>18,250</u>	<u>16,898</u>	<u>71,308</u>
	<u>\$ 21,727,927</u>	<u>\$ 2,498,134</u>	<u>\$ 2,642,057</u>	<u>\$ 26,868,118</u>

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 16. LEASING ACTIVITIES**

Finance Leases

The Organization leases copiers under finance leases with interest rates varying from 2.82% to 4.46%, and expiring at various dates through September 2029. The underlying assets associated with these finance leases are included in property and equipment in the accompanying consolidated statements of financial position.

Components of finance lease expense for the years ended July 31, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Finance lease costs:		
Amortization of finance lease liabilities	\$ 9,747	\$ 11,293
Interest on lease liabilities	<u>1,250</u>	<u>850</u>
Total finance lease costs	<u>\$ 10,997</u>	<u>\$ 12,143</u>

Operating Leases

In addition to finance leases, the Organization also has various operating leases for its administrative offices. These leases expire at various dates through September 2029. Total operating lease expense for the years ended July 31, 2025 and 2024 were \$160,164 and \$144,574, respectively. Total short-term and variable lease costs not included in the operating lease agreements for the years ended July 31, 2025 and 2024 were \$54,402 and \$43,132, respectively.

As of July 31, 2025, the Organization's future minimum payments on operating and finance leases, including interest, are as follows:

<u>Year ending July 31:</u>	<u>Operating</u>	<u>Finance</u>
2026	\$ 152,884	\$ 10,958
2027	125,829	10,958
2028	76,350	5,238
2029	25,502	4,250
2030	<u>-</u>	<u>298</u>
Net minimum lease payments	380,565	31,702
Less: interest	<u>21,245</u>	<u>1,909</u>
Present value of lease liabilities	<u>\$ 359,320</u>	<u>\$ 29,793</u>

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2025 AND 2024**

**NOTE 16. LEASING ACTIVITIES (CONTINUED)**

Supplemental cash flow information related to leases was as follows for the years ended July 31:

	<u>2025</u>	<u>2024</u>
Cash paid for amount included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 169,896	\$ 139,670
Operating cash flows from finance leases	\$ 1,223	\$ 850
Financing cash flows from finance leases	\$ 9,441	\$ 11,026

Average lease terms and discount rates were as follows for the years ended July 31:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term (in years):		
Operating leases	2.71	3.80
Finance leases	3.17	4.00
Weighted-average discount rate (%):		
Operating leases	3.87 %	3.80 %
Finance leases	3.75 %	3.75 %

**Rental Income**

The Organization leases space to one other company which was in effect at July 31, 2025. The aggregate future minimum lease receipts under the lease agreement is as follows:

<u>Year ending July 31:</u>	<u>Amount</u>
2026	\$ 127,875
2027	132,375
2028	136,875
2029	<u>34,500</u>
	<u>\$ 431,625</u>

**SUPPLEMENTARY INFORMATION**

**CONSERVATION LAW FOUNDATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JULY 31, 2025**

	Conservation Law Foundation, Inc.			CLF Ventures, Inc.			Environmental Insurance Agency, Inc.	2025 Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Total	
Contributed support:								
Contributions	\$ 6,018,412	\$ 4,771,206	\$ 10,789,618	\$ -	\$ -	\$ -	\$ -	\$ 10,789,618
Grants	<u>334,445</u>	<u>10,198,037</u>	<u>10,532,482</u>	<u>26,423</u>	<u>-</u>	<u>26,423</u>	<u>-</u>	<u>10,558,905</u>
Total contributed support	<u>6,352,857</u>	<u>14,969,243</u>	<u>21,322,100</u>	<u>26,423</u>	<u>-</u>	<u>26,423</u>	<u>-</u>	<u>21,348,523</u>
Earned and other revenue:								
Fees for services	1,422,097	-	1,422,097	422,973	-	422,973	72,993	1,918,063
Realized/unrealized gains on investments	495,202	863,329	1,358,531	-	-	-	-	1,358,531
Dividend and interest income	750,200	94,441	844,641	-	-	-	-	844,641
Rent and other earned revenue	135,782	-	135,782	-	-	-	-	135,782
Change in the value of split-interest agreements	<u>(1,529)</u>	<u>11,497</u>	<u>9,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,968</u>
Total earned and other revenue	<u>2,801,752</u>	<u>969,267</u>	<u>3,771,019</u>	<u>422,973</u>	<u>-</u>	<u>422,973</u>	<u>72,993</u>	<u>4,266,985</u>
Net assets released from donor restrictions:								
Satisfaction of purpose restrictions (grants)	12,032,882	(12,032,882)	-	-	-	-	-	-
Satisfaction of purpose restrictions (contributions)	7,246,010	(7,246,010)	-	-	-	-	-	-
Satisfaction of purpose restrictions (investment income)	<u>422,753</u>	<u>(422,753)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets released from donor restrictions	<u>19,701,645</u>	<u>(19,701,645)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total earned revenue, contributed support, and other revenue	<u>28,856,254</u>	<u>(3,763,135)</u>	<u>25,093,119</u>	<u>449,396</u>	<u>-</u>	<u>449,396</u>	<u>72,993</u>	<u>25,615,508</u>
Expenses:								
Program	23,407,046	-	23,407,046	350,165	-	350,165	55,783	23,812,994
Development and member engagement	2,706,214	-	2,706,214	-	-	-	-	2,706,214
General and administrative	<u>2,500,333</u>	<u>-</u>	<u>2,500,333</u>	<u>66,282</u>	<u>-</u>	<u>66,282</u>	<u>1,574</u>	<u>2,568,189</u>
Total expenses	<u>28,613,593</u>	<u>-</u>	<u>28,613,593</u>	<u>416,447</u>	<u>-</u>	<u>416,447</u>	<u>57,357</u>	<u>29,087,397</u>
Changes in net assets	242,661	(3,763,135)	(3,520,474)	32,949	-	32,949	15,636	(3,471,889)
Net assets - beginning	<u>13,139,843</u>	<u>34,058,313</u>	<u>47,198,156</u>	<u>(1,320,059)</u>	<u>-</u>	<u>(1,320,059)</u>	<u>151,714</u>	<u>46,029,811</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 13,382,504</u>	<u>\$ 30,295,178</u>	<u>\$ 43,677,682</u>	<u>\$ (1,287,110)</u>	<u>\$ -</u>	<u>\$ (1,287,110)</u>	<u>\$ 167,350</u>	<u>\$ 42,557,922</u>

See independent auditor's report.