

THE CLIFTON INSTITUTE, INC.

Warrenton, Virginia

FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

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SCHEULEN PATCHETT EDWARDS

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

Member
American Institute of
Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
The Clifton Institute, Inc.
Warrenton, Virginia

We have reviewed the accompanying financial statements of The Clifton Institute, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of The Clifton Institute, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Warrenton, Virginia
September 24, 2026



THE CLIFTON INSTITUTE, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 507,022	\$ 291,849
Cash with donor restrictions	92,169	133,474
Cash, board designated	46,360	11,274
Grants and pledges receivable	31,781	69,471
Prepaid expenses	7,028	7,811
Long-term investments	2,969,728	2,587,943
Construction in progress	164,167	151,149
Property and equipment, net of accumulated depreciation	465,868	436,254
Conservation lands	<u>3,960,523</u>	<u>3,984,820</u>
 TOTAL ASSETS	 <u><u>\$ 8,244,646</u></u>	 <u><u>\$ 7,674,045</u></u>
 LIABILITIES		
Accounts payable	24,848	29,875
Deferred revenue	1,808	1,514
Accrued liabilities	<u>68,946</u>	<u>59,126</u>
TOTAL LIABILITIES	95,602	90,515
 NET ASSETS		
Without donor restrictions	8,047,907	7,432,405
With donor restrictions	<u>101,137</u>	<u>151,125</u>
TOTAL NET ASSETS	<u><u>8,149,044</u></u>	<u><u>7,583,530</u></u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 8,244,646</u></u>	 <u><u>\$ 7,674,045</u></u>

See accompanying notes and independent accountant's review report.

THE CLIFTON INSTITUTE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2025

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions of financial assets	\$ 849,167	\$ 144,500	\$ 993,667
Contributions, in kind	6,825	-	6,825
Program fees and sales, net	42,086	-	42,086
Investment return utilized in operations	120,129	-	120,129
Assets released from restriction	194,488	(194,488)	-
Total support and revenues	1,212,695	(49,988)	1,162,707
Expenses			
Program Services			
Education	292,420	-	292,420
Research	274,327	-	274,327
Restoration	237,932	-	237,932
Core Mission Support			
Management and General	154,985	-	154,985
Fundraising	54,400	-	54,400
Total expenses	1,014,064	-	1,014,064
Expenses in excess of support and revenues	198,631	(49,988)	148,643
Non-operating investment return	416,871	-	416,871
Change in net assets	615,502	(49,988)	565,514
NET ASSETS AT BEGINNING OF YEAR	7,432,405	151,125	7,583,530
NET ASSETS AT END OF YEAR	\$ 8,047,907	\$ 101,137	\$ 8,149,044

See accompanying notes and independent accountant's review report.

THE CLIFTON INSTITUTE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions of financial assets	\$ 708,440	\$ 187,452	\$ 895,892
Contributions, in kind	8,100	-	8,100
Program fees and sales, net	40,802	-	40,802
Other income	-	-	0
Investment return utilized in operations	172,034	-	172,034
Assets released from restriction	92,652	(92,652)	-
Total support and revenues	1,022,028	94,800	1,116,828
Expenses			
Program Services			
Education	220,887	-	220,887
Research	275,728	-	275,728
Restoration	291,641	-	291,641
Core Mission Support			
Management and General	122,257	-	122,257
Fundraising	62,995	-	62,995
Total expenses	973,508	-	973,508
Expenses in excess of support and revenues	48,520	94,800	143,320
Non-operating investment return	379,089	-	379,089
Change in net assets	427,609	94,800	522,409
NET ASSETS AT BEGINNING OF YEAR	7,004,796	56,325	7,061,121
NET ASSETS AT END OF YEAR	\$ 7,432,405	\$ 151,125	\$ 7,583,530

See accompanying notes and independent accountant's review report.

THE CLIFTON INSTITUTE, INC.

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2025

	Program Services			Core mission support		Total 12/31/2025
	Education	Research	Restoration	General & Admin.	Fundraising	
\$	- \$	- \$	- \$	207 \$	- \$	207
Board expense	1,720	6,727	1,400	1,070	320	11,237
Communications	15,848	14,869	12,896	8,400	2,948	54,961
Depreciation	179	253	38	483	9	962
Dues & subscriptions	-	83,895	21,840	-	-	105,735
Grants	4,384	1,351	522	5,640	3,658	15,555
Information technology	1,650	-	5,175	-	-	6,825
In-kind expenses	6,870	6,445	5,590	4,520	1,278	24,703
Insurance	-	-	-	-	-	-
Animal care	-	-	559	-	-	559
Meals and lodging	-	-	191	223	44	985
Meetings and events	307	220	-	4,479	-	4,479
Merchant processing fees	-	-	-	34	-	34
Office expense	-	-	-	6,125	629	18,423
Outside services	3,748	3,171	4,750	5,244	2,619	39,568
Payroll taxes	14,775	7,781	9,149	2,065	1,895	7,003
Postage & freight	971	1,272	800	3,733	2,833	11,051
Printing	2,474	1,029	982	-	700	700
Permits & registration	-	-	-	-	-	186
Professional development	186	-	-	-	-	26,053
Professional fees	865	812	704	23,511	161	119
Public relations	119	-	-	-	-	3,783
Rent	3,379	154	133	87	30	32,931
Repairs & maintenance	5,349	5,018	18,734	2,835	995	586,528
Salaries & related benefits	215,777	115,512	138,035	82,311	34,893	7,265
Sanitation	2,095	1,965	1,705	1,110	390	24,044
Supplies	8,613	4,519	8,771	1,579	562	23,129
Transportation	1,246	17,584	3,870	340	89	7,039
Utilities	1,865	1,750	2,088	989	347	
\$	292,420 \$	274,327 \$	237,932 \$	154,985 \$	54,400 \$	1,014,064

See accompanying notes and independent accountant's review report.

THE CLIFTON INSTITUTE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	Program Services			Core mission support		Total 12/31/2024
	Education	Research	Restoration	General & Admin.	Fundraising	
\$	- \$	- \$	- \$	171 \$	- \$	171
Board expense	3,809	5,065	3,604	763	-	13,241
Communications	11,498	15,589	15,845	6,872	3,393	53,197
Depreciation	31	19	43	950	-	1,043
Dues & subscriptions	-	56,058	16,525	-	-	72,583
Grants	3,361	147	180	2,629	3,917	10,234
Information technology	-	-	8,100	-	-	8,100
In-kind expenses	5,529	7,496	7,619	5,322	1,631	27,597
Insurance	12	16	17	7	4	56
Animal care	824	674	899	274	184	2,855
Meals and lodging	-	-	250	575	1,611	2,436
Meetings and events	-	-	-	2,880	-	2,880
Merchant processing fees	-	-	60	867	62	989
Office expense	1,896	3,678	8,478	5,995	697	20,744
Outside services	11,021	9,017	12,028	3,669	2,456	38,191
Payroll taxes	-	282	24	554	5,068	5,928
Postage & freight	527	-	-	8,530	5,633	14,690
Printing	-	-	-	320	-	320
Permits & registration	-	-	-	-	-	1,055
Professional development	730	-	325	-	-	18,325
Professional fees	-	-	-	18,325	-	756
Public relations	263	493	-	-	-	4,124
Rent	1,190	974	1,299	396	265	41,293
Repairs & maintenance	6,837	8,156	21,751	3,595	954	559,713
Salaries & related benefits	160,995	132,331	176,501	53,842	36,044	7,992
Sanitation	2,299	1,889	2,520	769	515	34,919
Supplies	7,652	18,320	7,871	948	128	21,168
Transportation	759	14,164	5,888	294	63	5,751
Utilities	1,654	1,360	1,814	553	370	3,157
Loss on abandoned assets	-	-	-	3,157	-	-
\$	220,887 \$	275,728 \$	291,641 \$	122,257 \$	62,995 \$	973,508

See accompanying notes and independent accountant's review report.

THE CLIFTON INSTITUTE, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 565,514	\$ 522,410
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Donated value of non-cash donations received	(5,272)	(4,961)
Proceeds from sale of donated stock	5,599	-
Depreciation	54,961	53,197
Loss on abandoned assets	-	3,157
Unrealized (gain) loss on investments	88,540	(481,990)
Realized loss on disposition of investments	(565,420)	(1,239)
(Increase) Decrease in:		
Accounts receivable	37,690	(22,189)
Tax credit receivable	-	45,874
Prepaid expenses	783	6,702
Inventories	-	1,288
Increase (Decrease) in:		
Accounts payable	(5,027)	17,294
Deferred revenue	294	(3,444)
Accrued liabilities	9,820	15,323
NET CASH USED IN OPERATING ACTIVITIES	<u>187,482</u>	<u>151,422</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments and return of principal	1,162,578	1,210,096
Equipment purchases	-	(18,446)
Improvements to land and buildings	(73,297)	(5,924)
Purchase of investments	<u>(1,067,809)</u>	<u>(1,168,754)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>21,472</u>	<u>16,972</u>
NET DECREASE IN CASH	208,954	168,394
BEGINNING CASH	<u>436,597</u>	<u>268,203</u>
ENDING CASH	645,551	436,597
Cash, donor restricted	(92,169)	(133,474)
Cash, board designated	<u>(46,360)</u>	<u>(11,274)</u>
Cash, operating	<u>\$ 507,022</u>	<u>\$ 291,849</u>
Supplemental Disclosure of Cash Flow Information		
In-kind gifts	<u>\$ 6,825</u>	<u>\$ 8,100</u>

See accompanying notes and independent accountant's review report.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Clifton Institute (the "Institute") was organized as a non-profit organization on August 28, 1985 under the laws of the State of Delaware. We are in Virginia's northern Piedmont.

Our mission is to save Virginia's native species. We do conservation biology research, we restore habitat for native plants and animals, and we teach people about science, conservation, and nature. Our 900-acre nature preserve provides habitat for thousands of species of native plants and animals, serves as a laboratory where we can experiment with different land management methods, and is a safe place where thousands of visitors can explore and learn about nature each year.

Method of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and have been prepared to focus on the Institute as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Use of Estimates

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

Revenue Recognition

The Institute recognizes revenue in the period received or unconditionally promised, whichever is earlier.

Contributions are recorded as (i) net assets without donor restrictions, or (ii) net assets with donor restrictions, depending on the existence and nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions.

Notes to Financial Statements

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - continued

Cash, Cash Equivalents and Restricted Cash

Cash represents operating cash held in high quality financial institutions in the United States. Cash equivalents represents money market funds and short-term, highly liquid investments with maturities of less than three months. Restricted cash represents monies held for specific projects. All cash and cash equivalents are held at major banking and broker institutions.

Grants and Accounts Receivable

Grants and accounts receivable are stated at the amount the Institute expects to collect from outstanding balances. Management is of the opinion that all the Organization's accounts and grants receivable are fully collectible and no allowance for doubtful accounts is required.

All receivables are due within one year.

Investments

The Institute's investments are carried at fair value, as determined by quoted market prices. Investment income or loss (including gains and losses on investments, interest, and dividends less investment fees) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Concentrations of Credit and Market Risk

The Institute maintains its cash and cash equivalents in both interest-bearing and noninterest-bearing accounts which, at times, may exceed federally insured limits. The Institute's cash accounts are placed with high-credit-quality financial institutions. The Institute has not experienced any losses in such accounts, and management believes the Institute is not subject to a risk of loss beyond that related to market changes. The Institute does not require collateral or other security to support its credit risk.

The Institute has significant investments in equity and debt securities and is, therefore, subject to concentrations of market risk. The Institute's investments as of December 31, 2025 and 2024 were managed by investment advisors, who are supervised by the Board of Directors. Though the market value of investments is subject to fluctuations, the Board believes that The Institute's investment portfolio is adequately diversified among issuers, industries, and geographic regions to be prudent for the long-term welfare of the Institute.

Notes to Financial Statements

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES -
continued

Property and Equipment

The Institute capitalizes acquisitions of property and equipment in excess of \$2,500. Property and equipment are recorded at cost and depreciated using the straight-line method over the useful life of the asset, from 5 to 39 years. Repairs and maintenance are expensed as incurred.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Conservation Lands

Conservation land is real property with significant ecological value. This property is managed to protect and enhance the natural biological diversity of the property.

On November 19, 2008, the Institute granted a conservation easement to the Virginia Outdoors Foundation, an agency of the Commonwealth of Virginia. The easement restricts for perpetuity the subdivision of approximately 890 acres of generally open pasture land on Virginia State Route 628, Blantyre Road in Fauquier County, Virginia to six parcels that may not be further subdivided with restrictions as to the number of dwellings and gross floor area.

Net Assets

The Institute's net assets and activities that increase or decrease net assets are classified based on the existence, or absence, of restrictions imposed by donors. Accordingly, net assets are reported in the following classifications:

- *Net assets without donor restrictions* – are those not subject to donor-imposed restrictions and may be expended for any purpose in performing the organization's mission.
- *Net assets with donor restrictions* – are those subject to restrictions imposed by donors. The restrictions are temporary in nature; the restrictions are met by actions of the Institute or the passage of time.

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

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES -
continued

In-Kind Contributions

The Institute receives donated services from a variety of unpaid volunteers assisting the Institute in the operation of major programs. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society. The estimated fair value of these services is provided by the service provider, who estimates the fair value based on the number of hours spent at standard billing rates charged. Other volunteers provide services throughout the year that are not recognized as contributions in the financial statements as they do not meet the requirements for recognition.

The Institute recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. See Note J for a summary of in-kind contributions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and core mission support services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Shared expenses of the field station, including salaries, benefits, payroll taxes, repairs and maintenance, depreciation, outside services, insurance, taxes, supplies, utilities communications and rent, are allocated based on direct costs.

NOTE B – CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash, cash equivalents and restricted cash at December 31 consist of the following:

	<u>2025</u>	<u>2024</u>
Demand deposits	\$ 599,191	\$ 425,323
Money market funds	<u>46,360</u>	<u>11,274</u>
	<u>\$ 645,551</u>	<u>\$ 436,597</u>

Cash and cash equivalents are reported in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 507,022	\$ 291,849
Cash with donor restrictions	92,169	133,474
Cash, board designated	<u>46,360</u>	<u>11,274</u>
	<u>\$ 645,551</u>	<u>\$ 436,597</u>

NOTE C – INVESTMENTS

The Financial Accounting Standards Board (FASB) defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The FASB establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The Institute classifies all its investments in Level 1 in the fair value hierarchy because of the Institute's ability to obtain quoted prices and redeem its interest daily.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024.

Investments in marketable equity and fixed securities: The investments are priced by the investment advisor using unadjusted quoted prices for identical assets in active markets that the Institute could access.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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.

The Clifton Institute, Inc.

Notes to Financial Statements

NOTE C – INVESTMENTS (continued)

Investments, stated at fair value, at December 31 include the following:

	<u>2025</u>	<u>2024</u>
Mutual Funds		
Foreign Equities	\$221,644	\$115,172
US Equities	133,248	420,687
Multi-Sector Bonds	<u>175,000</u>	<u>-</u>
Total Mutual Funds	529,892	535,859
Exchange Traded Funds		
Equities	385,828	356,742
3-12 month T-Bills	<u>69,454</u>	<u>-</u>
Total Exchange Traded Funds	455,282	356,742
Common Stocks		
Consumer Goods	149,386	58,340
Consumer & Commercial Services	-	4,635
Energy	65,676	-
Financials	259,705	162,269
Health Care	36,558	42,998
Industrials	-	31,250
Information Technology	976,466	843,083
Real Estate	<u>165,094</u>	<u>210,254</u>
Total common stocks	1,652,885	1,352,829
Corporate Bonds	257,617	239,433
Goldman Sachs Private Credit	74,052	74,793
Government Agency Bonds	<u>-</u>	<u>28,287</u>
	<u><u>\$2,969,728</u></u>	<u><u>\$2,587,943</u></u>

Investment return consisted of the following for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Dividends and interest income	\$ 76,860	\$ 81,175
Realized and unrealized gains	476,880	483,230
Investment fees	<u>(16,740)</u>	<u>(13,282)</u>
	<u><u>\$ 537,000</u></u>	<u><u>\$ 551,123</u></u>

The Clifton Institute, Inc.

Notes to Financial Statements

NOTE C – INVESTMENTS (continued)

Investment return is reported in the accompanying financial statements as follows:

	<u>2025</u>	<u>2024</u>
Utilized in operations	\$ 120,129	\$ 172,034
Non-operating	<u>416,871</u>	<u>379,089</u>
	<u>\$ 537,000</u>	<u>\$ 551,123</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and Equipment consist of the following:

	<u>2025</u>	<u>2024</u>
Office Furniture	\$ 10,996	\$ 10,996
Vehicles	15,000	15,000
Equipment	125,798	125,798
Buildings	845,271	784,993
Website	<u>3,600</u>	<u>3,600</u>
	\$ 1,000,665	\$ 940,387
Accumulated Depreciation and Amortization	<u>(534,797)</u>	<u>(504,133)</u>
	<u>\$ 465,868</u>	<u>\$ 436,254</u>

NOTE E – CONSERVATION LANDS

Conservation lands consist of the following:

	<u>2025</u>	<u>2024</u>
Land, net of value of easement granted to Virginia Outdoors Foundation	\$ 3,617,353	\$ 3,617,353
Land improvements	<u>502,591</u>	<u>502,591</u>
	4,119,944	4,119,944
Accumulated Depreciation of land improvements	<u>(159,421)</u>	<u>(135,124)</u>
	<u>\$ 3,960,523</u>	<u>\$ 3,984,820</u>

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	2025	2024
1820 log kitchen restoration	\$ 2,605	\$ 15,803
Habitat restoration	2,500	-
Research	40,064	43,942
Education programs	8,968	53,880
Grassland steward	22,000	-
Communications	20,000	-
New construction	5,000	37,500
	<u>\$ 101,137</u>	<u>\$ 151,125</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended December 31:

	2025	2024
Habitat restoration	\$ -	\$ 4,925
Education programs	44,912	3,572
Research	117,076	84,155
New construction	32,500	-
	<u>\$ 194,488</u>	<u>\$ 92,652</u>

NOTE G – DEFINED CONTRIBUTION PLAN

The Institute has a 403(b) Defined Contribution Plan (the Plan) for full-time employees. The Plan, as amended, provides for a match of up to 6% of the employee's salary. The Institute made matching contributions of \$22,541 and \$18,151, respectively, for the years ended December 31, 2025 and 2024.

NOTE H – INCOME TAXES

The Clifton Institute, Inc. has been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Institute qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Institute would be subject to a tax on any income from unrelated business greater than \$1,000. The Institute takes no tax positions that it considers to be uncertain.

The Institute files information returns in the U.S. federal jurisdiction and is subject to examination by taxing authorities for a period of three years from the date the returns are filed. As of December 31, 2024, the information returns for the years ended December 31, 2024, 2023 and 2022 remain subject to examination.

The Clifton Institute, Inc.

Notes to Financial Statements

NOTE I – IN-KIND CONTRIBUTIONS

The Institute received the following in-kind contributions during the years ended December 31:

	<u>2025</u>	<u>2024</u>
Materials and supplies	\$ 1,650	\$ -
Personnel paid by partners	5,175	7,187
Travel expenses paid by partners	-	913
	<u>\$ 6,825</u>	<u>\$ 8,100</u>

Contributed nonfinancial assets did not have donor restrictions. Materials and supplies are offered for sale to support program activities. Personnel and travel expenses were used to support restoration activities.

NOTE J – RISKS, COMMITMENTS AND CONTINGENCIES

In December 2018, the Institute completed construction work to improve the Clifton Farm Lower Dam located on Institute property. The dam is regulated by the Virginia Department of Conservation and Recreation (DCR). On October 24, 2025 a Professional Engineer completed a dam inspection in accordance with DCR Dam Safety Regulations, and the Institute applied for a Conditional 2 Year Dam Operation and Maintenance Certificate. To qualify for a Regular Dam Operation and Maintenance Certificate, additional engineering services will be required including Emergency Action Plan with a tabletop exercise. Management expects to complete these requirements by December 31, 2026, and expects to incur \$10,000 in professional fees to meet these conditions.

The Institute had cash deposits that were in excess of the FDIC insured limitations. The maximum loss that would have resulted for the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by the FDIC totaled \$399,377 and \$220,728 as of December 31, 2025 and 2024, respectively.

NOTE K – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure (i.e., without donor or other restrictions limiting use) within one year of the statement of financial position date consist of the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 507,022	\$ 291,849
Grants and other receivables	31,781	46,971
Endowment appropriations	<u>140,000</u>	<u>140,000</u>
	<u>\$ 678,803</u>	<u>\$ 478,820</u>

Notes to Financial Statements

NOTE K – AVAILABILITY AND LIQUIDITY (continued)

The Institute's Endowment of \$3,016,088 is subject to a board-approved annual spending rate of approximately five percent. Although the Institute does not intend to spend from the Endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE L – ENDOWMENT

The Institute's Endowment consists of investment reserves without donor restrictions that have been designated by the Institute's Board of Directors to provide a predictable stream of funding for operations. The Endowment is managed to provide funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Changes in Endowment net assets for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Board-Designated Endowment net assets, beginning of year	\$ 2,599,217	\$ 2,220,129
Investment return, net	536,599	544,128
Distributions for operations	<u>(119,728)</u>	<u>(165,040)</u>
Board-Designated Endowment net assets, end of year	<u>\$ 3,016,088</u>	<u>\$ 2,599,217</u>

NOTE M – CONCENTRATIONS

Contributed support includes \$181,595 and \$192,760 from one major donor during 2025 and 2024, respectively. Another major donor contributed \$100,000 each year during 2025 and 2024, respectively. The Institute expects to maintain these relationships with the donors.

NOTE N – SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2025, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is September 24, 2026, which is the date on which the financial statements were available to be issued.