BAYOU PRESERVATION ASSOCIATION, INC.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2025 AND 2024

BAYOU PRESERVATION ASSOCIATION, INC.

CONTENTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Bayou Preservation Association, Inc.
Houston, Texas

Opinion

We have audited the financial statements of Bayou Preservation Association, Inc., 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bayou Preservation Association, Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bayou Preservation Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bayou Preservation Association, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Office: 713.977.6888 | Fax: 346.223.0267 | 1776 Yorktown, Suite 530 | Houston, TX 77056

(continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bayou Preservation Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bayou Preservation Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Pittsford Samuels, PLLC

June 8, 2026
Houston, Texas

BAYOU PRESERVATION ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
Cash	$ 354,665	$ 443,216
Accounts receivable	47,625	45,421
Contributions receivable	2,500	5,000
Prepaid expenses	6,008	23,779
Operating investments	132,899	128,576
Endowment investments	337,236	309,294
Total Assets	$ 880,933	$ 955,286

LIABILITIES AND NET ASSETS

	2025	2024
LIABILITIES		
Accounts payable and accrued liabilities	$ 1,513	$ 10,218
Total Liabilities	1,513	10,218
NET ASSETS		
Without donor restrictions	473,261	456,007
With donor restrictions	406,159	489,061
Total Net Assets	879,420	945,068
Total Liabilities and Net Assets	$ 880,933	$ 955,286

See accompanying notes to financial statements.

BAYOU PRESERVATION ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions			
Non-government grants	$ 196,821	$ 29,603	$ 226,424
Government grant	-	5,000	5,000
Symposium	18,515	-	18,515
Contract fees	88,468	-	88,468
Net investment return	4,688	27,942	32,630
Total revenue	308,492	62,545	371,037
Net assets released from restrictions			
Expenditures for program purposes	145,447	(145,447)	-
Total support and revenue	453,939	(82,902)	371,037
EXPENSES			
Program services			
Preservation of bayous programs	287,258	-	287,258
Management and general	112,980	-	112,980
Fundraising	36,447	-	36,447
Total expenses	436,685	-	436,685
CHANGES IN NET ASSETS	17,254	(82,902)	(65,648)
NET ASSETS			
BEGINNING OF YEAR	456,007	489,061	945,068
END OF YEAR	$ 473,261	$ 406,159	$ 879,420

BAYOU PRESERVATION ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions			
Non-government grants	$ 220,636	$ 199,565	$ 420,201
Government grant	-	5,000	5,000
Symposium	14,500	-	14,500
Contract fees	116,894	-	116,894
Net investment return	17,149	10,431	27,580
Other revenue	1,152	-	1,152
Total revenue	370,331	214,996	585,327
Net assets released from restrictions			
Expenditures for program purposes	55,089	(55,089)	-
Time restrictions passed	17,230	(17,230)	-
Total support and revenue	442,650	142,677	585,327
EXPENSES			
Program services			
Preservation of bayous programs	314,409	-	314,409
Management and general	146,959	-	146,959
Fundraising	45,642	-	45,642
Total expenses	507,010	-	507,010
CHANGES IN NET ASSETS	(64,360)	142,677	78,317
NET ASSETS			
BEGINNING OF YEAR	520,367	346,384	866,751
END OF YEAR	$ 456,007	$ 489,061	$ 945,068

BAYOU PRESERVATION ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

	Preservation Of Bayous Programs	Management and General	Fundraising	Total
Payroll, taxes, benefits and related costs	$ 207,903	$ 53,625	$ 24,982	$ 286,510
Contract labor	32,730	18,086	-	50,816
Miscellaneous	2,726	19,616	24	22,366
Travel and meetings	19,750	13	29	19,792
Professional fees	2,768	15,501	-	18,269
Supplies and materials	9,727	15	28	9,770
Occupancy	4,840	2,718	442	8,000
Printing and postage	975	282	5,935	7,192
Insurance	3,252	2,356	-	5,608
Dues and subscriptions	190	205	4,760	5,155
Information technology and communication	2,397	534	247	3,178
Bank /merchant fees	-	29	-	29
Total Expenses	$ 287,258	$ 112,980	$ 36,447	$ 436,685

See accompanying notes to financial statements.

BAYOU PRESERVATION ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Preservation Of Bayous Programs	Management and General	Fundraising	Total
Payroll, taxes, benefits and related costs	$ 219,617	$ 96,812	$ 34,460	$ 350,889
Contract labor	62,659	21,608	-	84,267
Occupancy	15,733	4,992	1,328	22,053
Professional fees	2,928	18,131	-	21,059
Printing and postage	743	45	5,311	6,099
Supplies and materials	5,119	107	-	5,226
Insurance	2,894	2,284	-	5,178
Dues and subscriptions	420	283	4,207	4,910
Information technology and communication	1,617	2,067	261	3,945
Travel and meetings	2,600	67	75	2,742
Miscellaneous	79	362	-	441
Bank /merchant fees	-	201	-	201
Total Expenses	$ 314,409	$ 146,959	$ 45,642	$ 507,010

See accompanying notes to financial statements.

BAYOU PRESERVATION ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

INCREASE (DECREASE) IN CASH

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (65,648)	$ 78,317
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Unrealized gain on investments	(10,277)	(2,405)
Changes in operating assets and liabilities		
Accounts receivable	(2,204)	(28,279)
Contributions receivable	2,500	20,419
Prepaid expenses	17,771	(19,534)
Accounts payable and accrued liabilities	(8,705)	(596)
Total Adjustments	(915)	(30,395)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(66,563)	47,922
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in cash and money market mutual funds	(21,988)	150,457
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(21,988)	150,457
NET CHANGE IN CASH	(88,551)	198,379
CASH, BEGINNING OF YEAR	443,216	244,837
CASH, END OF YEAR	$ 354,665	$ 443,216

See accompanying notes to financial statements.

BAYOU PRESERVATION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION

Bayou Preservation Association, Inc. (the Association) is a Texas nonprofit corporation founded in 1966 to inform the public about the environmental values of riparian lands along the bayous in Houston, Texas, and surrounding areas. Its mission is to celebrate, protect, and restore the natural richness of all bayous and streams in the Bayou Preservation area.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Association are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. GAAP.

Cash - For purposes of the statement of cash flows, the Association considers cash to be the amount reported in the statement of financial position.

Accounts Receivable - Accounts receivable reflects the consideration the Association expects to be entitled to in exchange for services provided taking into consideration historical collection trends and consideration of current and future economic trends. An allowance for uncollectible accounts receivable is provided when there has been an adverse change in the organization's ability to pay. Management believes that all outstanding amounts will be collected. It is the Association's policy to charge off uncollectible accounts receivable after collection efforts have been exhausted and an account is deemed uncollectible.

Contributions Receivable - Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted, to estimate the present value of future cash flows, if material. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contributions revenue. At December 31, 2025 contributions receivable of $2,500 is expected to be collected in 2026.

Investments - Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses. Investment return is reported in the statement of activities as an increase in net assets without donor restrictions unless the use of the income is limited by donor-imposed restrictions. Net investment returns whose use is restricted by the donor is reported as a change in net assets with donor restrictions until expended in accordance with donor-imposed restrictions. Cash held for long-term purposes is reported with investments and excluded for purposes of cash flows.

Net Assets - Net assets are classified based on the presence or absence of donor-imposed restrictions. Net assets are composed of two groups as follows:

Net assets without donor restrictions - Assets that are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation. This class also includes assets previously restricted whose restrictions have expired or been met.

BAYOU PRESERVATION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (continued)

Net assets with donor restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions - Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions are recorded as increases in net assets without donor restrictions unless the use of the contributed asset is specifically restricted by the donor. Contributions that are restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the contribution is recognized. Conditional contributions are recognized as revenue when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Contributed Services**,** ***Materials and Use of Facilities*** - The Association recognizes donated materials and use of facilities when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have contributed significant amounts of time in connection with the Association for which no amount has been recognized in the financial statements because the donated services did not meet the criteria for recognition under generally accepted accounting principles.

Contract Fees - The Association provides services to independent organizations. Performance obligations are satisfied over time as those services are provided. Contract fees are recognized at the amount of consideration the Association expects to be entitled to in exchange for those services. Payment is due upon request for the services provided. The nature of these services does not give rise to any variable considerations, warranties, or other related obligations. Accounts receivable from contract fees were $47,625 and $45,421 at December 31, 2025 and 2024, respectively.

Functional Allocation of Expenses - Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the Association exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. The financial statements report expenses that are attributable to more than one functional classification of expenses (program, fundraising and management and general). Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and other personnel expenses, which are allocated on the basis of estimates of time and effort and occupancy costs which are allocated based on estimated time and effort expended by the employees.

Fair Value of Financial Instruments - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Association did not elect the fair value option for measurement of any eligible assets or liabilities. The Association's financial instruments (primarily cash, receivables and payables) are carried in the accompanying statement of financial position at amounts which reasonably approximate fair value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes - The Association is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(2).

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated. The most significant estimates are for the functional allocation of expenses.

Date of Management Review - The Association's management has evaluated subsequent events through the date the financial statements were available to be issued, which was June 8, 2026.

CASH

Cash consists of the following at December 31:

	2025	2024
Cash in checking account	$ 266,047	$ 354,132
Cash in savings accounts	81,448	81,084
Other cash	7,170	8,000
Total	$ 354,665	$ 443,216

INVESTMENTS

Investments consist of the following at December 31:

	2025	2024
Money market mutual funds	$ 237,987	$ 216,109
Multi-asset mutual funds	230,910	220,633
Cash	1,238	1,128
Total	$ 470,135	$ 437,870

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

INVESTMENTS (CONTINUED)

- Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- Level 2 – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- Level 3 – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

At December 31, 2025 and 2024, all of the Association's investments are considered Level 1.

Mutual funds are valued at the reported net asset value. This valuation method may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation method is appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investment return for the years ended December 31, 2025 and 2024 consists of the following:

	2025	2024
Dividends and interest	$ 22,503	$ 25,325
Unrealized gain	10,277	2,405
Fees	(150)	(150)
Total	$ 32,630	$ 27,580

ENDOWMENT FUND

The Association has an endowment fund (the Endowment Fund), which is maintained in accordance with explicit donor stipulations. The Endowment Fund is restricted for projects of the Association for the purposes of education, public relations, website, marketing, and the Symposium.

Changes in endowment net assets are as follows:

	With Donor Restrictions	
	2025	2024
Endowment net assets, January 1	$ 309,294	$ 298,863
Net investment return	27,942	10,431
Endowment net assets, December 31	$ 337,236	$ 309,294

Endowment Spending Policy

The Association's endowment spending policy allows investment return and an amount equal to the greater of 10% of the original gift or $40,000 be appropriated for expenditure annually by the affirmative vote of a majority of the members of the Board of Directors. An amount up to $100,000 annually may be appropriated for expenditure by the affirmative vote of two-thirds of the members of the Board of Directors for non-recurring individual projects for the specified purposes. Investment return not appropriated in the year earned may be appropriated in a subsequent year subject to the discretion of the Board of Directors. The original value of gifts donated to the endowment and net investment return are reported as *net assets with donor restrictions* until those amounts are appropriated for expenditure by the Board of Directors.

BAYOU PRESERVATION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

ENDOWMENT FUND (CONTINUED)

Return Objectives and Risk Parameters
The Association has adopted investment guidelines for endowment assets that have the primary objective of maximizing the investment return while minimizing risk and expenses through prudent investing and planning, as well as the maintenance of a diversified portfolio. Under these guidelines, the endowment assets are invested in a manner that the portfolio should be readily marketable, with no fixed-income security having a credit quality below investment grade, as defined in the investment policy. Investment performance shall be measured at least quarterly against inflation objectives for the Association and against index objectives for individual portfolio components.

NET ASSETS

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

Net Assets Without Donor Restrictions
Net assets available for use in general operations. Net assets without donor restrictions at December 31, 2025 and 2024 amounted to $473,261 and $456,007, respectively.

Net Assets With Donor Restrictions
Net assets with donor restrictions consist of the following:

	2025	2024
Subject to expenditure for specific purpose - various programs	$ 68,923	$ 169,077
Subject to passage of time	-	10,690
Subject to spending policy and appropriation -		
Endowment and accumulated earnings	337,236	309,294
Total	$ 406,159	$ 489,061

OTHER MISCELLANEOUS EXPENSES

During the year ended December 31, 2024, the Association placed a deposit for a venue for a fundraising event. The event was cancelled and the deposit was partially applied to a Symposium held at the venue in 2024. The remaining deposit of $19,113 was not used and expired in 2025, hence was included in miscellaneous expense in the statement of functional expenses for the year ended December 31, 2025.

CONCENTRATION OF CREDIT RISK

The Association maintains cash balances at a local financial institution. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Association's uninsured cash approximated $99,000 and $185,000 at December 31, 2025 and 2024, respectively.

RISKS AND UNCERTAINTIES

The United States economy has experienced significant volatility. There is still uncertainty as to how this condition will impact the economy in future periods. The Association has robust management systems in place to both oversee the well-being of its clients and stakeholders and react quickly to new economic conditions, however management cannot determine the short-term or long-term effect on operations.

LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Association monitors the liquidity required to meet its operational needs and other contractual commitments. At December 31, 2025, the following table reflects the financial assets available for general expenditures over the next twelve months:

Financial assets:	
Cash	$ 354,665
Investments	470,135
Receivables	50,125
Total financial assets	874,925
Less financial assets unavailable for general expenditures within one year due to :	
Endowment investments	337,236
Board-designated reserve fund	75,000
Purpose restricted net assets not expected to be satisfied in the coming year	68,923
Financial assets available to meet cash needs for general expenditures within one year	$ 393,766

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Association considers all expenditures related to its ongoing activities of its preservation of bayous programs, as well as the conduct of services undertaken to support those activities, to be general expenditures. The Association relies primarily on contributions and other revenue to provide resources for general expenditures. The Association expects to fund general expenditures in excess of financial assets available to meet cash needs with future contributions and reserve funds, as necessary. The Association has established a liquidity reserve fund and although the Association does not intend to spend from the liquidity reserve fund, amounts could be made available, if necessary.

SIMPLE IRA

The Association has established a SIMPLE IRA to provide retirement benefits for employees. The Association matches employee contributions equal to an employee's salary deferral contribution up to 3% of their compensation. During the years ended December 31, 2025 and 2024, the Association contributed $6,077 and $4,683, respectively, of matching contributions to the SIMPLE IRA.

INCOME TAX UNCERTAINTIES

The Association has reviewed its current income tax return, as well as all open tax years. The Association did not have any unrecognized tax positions or benefits from tax positions that do not meet the more likely than not criterion. Accordingly, there was no effect on the Association's financial condition or results of operations for the years ended December 31, 2025 and 2024. The Federal tax returns of the Association for the previous three years are subject to examination by the Internal Revenue Service.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 8, 2026, which is the date the financial statements were available to be issued. Based on the evaluation, no adjustments to the accompanying financial statements were required.