



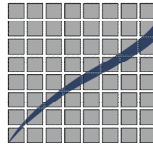
THE NAVIGATORS AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2025 AND 2024

TABLE OF CONTENTS

Independent auditor's report	i
Financial statements	
<u>Consolidated statements of financial position</u>	1
<u>Consolidated statements of activities</u>	2
<u>Consolidated statements of functional expenses</u>	3
<u>Consolidated statements of cash flows</u>	5
<u>Notes to consolidated financial statements</u>	6



BiggsKofford

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Navigators and affiliates
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of The Navigators and affiliates (collectively, "The Navigators"), which comprise the consolidated statements of financial position as of August 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Navigators as of August 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 ("US GAAP").

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 the report. We are required to be independent of The Navigators and affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 US GAAP, 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 The Navigators' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with US GAAS, we:

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

BiggsKofford, P.C.

Colorado Springs, Colorado
December 10, 2025

THE NAVIGATORS AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2025 AND 2024
(in thousands)

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Cash and equivalents	\$ 12,370	\$ 9,783
Investments	107,538	99,263
Receivables	3,101	2,895
Prepaid expenses and other assets	2,220	1,973
Investment in captive insurance	4,219	4,083
Property and equipment - net	21,804	21,017
Total assets	\$ 151,252	\$ 139,014
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 3,093	\$ 2,610
Accrued expenses and other liabilities	5,486	5,629
Total liabilities	8,579	8,239
Net assets:		
Without donor restrictions:		
Undesignated	52,490	44,214
Equity in property and equipment - net	21,804	21,017
Total net assets without donor restrictions	74,294	65,231
With donor restrictions	68,379	65,544
Total net assets	142,673	130,775
Total liabilities and net assets	\$ 151,252	\$ 139,014

The accompanying notes and independent auditor's report
should be read with these financial statements.

THE NAVIGATORS AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED AUGUST 31, 2025 AND 2024

(in thousands)

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>						
Contributions	\$ 22,803	\$ 116,336	\$ 139,139	\$ 23,204	\$ 119,107	\$ 142,311
Conferences and camps	10,901	-	10,901	10,512	-	10,512
Royalty income	2,300	-	2,300	2,239	-	2,239
Investment income	9,140	-	9,140	12,300	-	12,300
Other income	1,558	-	1,558	2,580	-	2,580
Total support and revenue	46,702	116,336	163,038	50,835	119,107	169,942
Net assets released from restrictions	113,501	(113,501)	-	119,459	(119,459)	-
<u>EXPENSES</u>						
Program services:						
Field ministries	92,360	-	92,360	101,999	-	101,999
Conferences and camps	13,183	-	13,183	13,268	-	13,268
Material publication	1,961	-	1,961	2,066	-	2,066
International ministries	8,701	-	8,701	9,195	-	9,195
Total program services	116,205	-	116,205	126,528	-	126,528
Supporting activities:						
General and administrative	16,239	-	16,239	16,809	-	16,809
Fundraising	18,696	-	18,696	20,737	-	20,737
Total supporting activities	34,935	-	34,935	37,546	-	37,546
Total expenses	151,140	-	151,140	164,074	-	164,074
Change in net assets	9,063	2,835	11,898	6,220	(352)	5,868
Sale of non-controlling interest	-	-	-	(961)	-	(961)
Net assets, beginning of year	65,231	65,544	130,775	59,972	65,896	125,868
Net assets, end of year	\$ 74,294	\$ 68,379	\$ 142,673	\$ 65,231	\$ 65,544	\$ 130,775

The accompanying notes and independent auditor's report should be read with these financial statements.

THE NAVIGATORS AND AFFILIATES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2025
(in thousands)

	Program Services					Supporting Activities			
	Field Ministries	Conferences and Camps	Material Publication	International Ministries	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	Total
Salaries and benefits:									
Salary	\$ 61,073	\$ 5,703	\$ 398	\$ 1,704	\$ 68,878	\$ 6,396	\$ 5,690	\$ 12,086	\$ 80,964
Payroll taxes	1,114	463	28	51	1,656	687	194	881	2,537
Benefits	9,958	959	65	278	11,260	1,043	928	1,971	13,231
Total salaries and benefits	72,145	7,125	491	2,033	81,794	8,126	6,812	14,938	96,732
Advertising and promotion	80	169	26	-	275	146	6,295	6,441	6,716
Bank and credit card fees	157	283	-	4	444	875	2	877	1,321
Conference and meeting hosting	1,671	27	-	66	1,764	5	-	5	1,769
Dues, books, and subscriptions	513	24	19	8	564	50	17	67	631
Employee development	840	31	5	23	899	47	23	70	969
Employee and public relations	294	16	2	32	344	45	8	53	397
Equipment	547	200	-	28	775	327	2	329	1,104
Facilities	262	376	-	8	646	165	-	165	811
Gifts and grants	392	12	-	5,649	6,053	14	-	14	6,067
Information technology	254	205	20	29	508	1,101	189	1,290	1,798
Insurance	800	819	8	23	1,650	1,084	66	1,150	2,800
Maintenance and repairs	148	407	-	1	556	40	-	40	596
Meals and entertainment	4,157	85	10	92	4,344	68	76	144	4,488
Office and other	1,145	1,747	8	54	2,954	397	196	593	3,547
Postage and shipping	292	9	1	8	310	385	3,515	3,900	4,210
Professional and contract services	868	623	64	82	1,637	2,317	1,224	3,541	5,178
Royalties	-	-	1,270	-	1,270	-	-	-	1,270
Supplies	663	405	-	7	1,075	72	23	95	1,170
Travel and transportation	6,987	141	35	488	7,651	194	248	442	8,093
Total expenses before depreciation	92,215	12,704	1,959	8,635	115,513	15,458	18,696	34,154	149,667
Depreciation	145	479	2	66	692	781	-	781	1,473
Total expenses	\$ 92,360	\$ 13,183	\$ 1,961	\$ 8,701	\$ 116,205	\$ 16,239	\$ 18,696	\$ 34,935	\$ 151,140
Percentage of total expenses	61%	9%	1%	6%	77%	11%	12%	23%	100%

The accompanying notes and independent auditor's report should be read with these financial statements.

THE NAVIGATORS AND AFFILIATES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2024
(in thousands)

	Program Services					Supporting Activities			Total
	Field Ministries	Conferences and Camps	Material Publication	International Ministries	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries and benefits:									
Salary	\$ 66,113	\$ 5,310	\$ 363	\$ 1,612	\$ 73,398	\$ 6,909	\$ 5,722	\$ 12,631	\$ 86,029
Payroll taxes	1,273	460	27	52	1,812	683	243	926	2,738
Benefits	12,861	902	75	268	14,106	264	531	795	14,901
Total salaries and benefits	80,247	6,672	465	1,932	89,316	7,856	6,496	14,352	103,668
Advertising and promotion	88	112	23	-	223	242	8,371	8,613	8,836
Bank and credit card fees	179	289	2	6	476	1,207	2	1,209	1,685
Conference and meeting hosting	2,774	22	4	67	2,867	15	6	21	2,888
Dues, books, and subscriptions	510	29	12	12	563	53	20	73	636
Employee development	819	36	4	44	903	76	57	133	1,036
Employee and public relations	308	9	2	17	336	43	14	57	393
Equipment	389	327	5	27	748	178	16	194	942
Facilities	354	329	-	7	690	189	-	189	879
Gifts and grants	343	12	-	5,932	6,287	26	-	26	6,313
Information technology	253	185	28	24	490	1,019	155	1,174	1,664
Insurance	790	797	10	21	1,618	931	65	996	2,614
Maintenance and repairs	-	483	-	3	486	25	-	25	511
Meals and entertainment	4,325	68	10	81	4,484	83	74	157	4,641
Office and other	1,331	1,732	8	83	3,154	391	186	577	3,731
Postage and shipping	319	4	-	9	332	399	3,608	4,007	4,339
Professional and contract services	784	999	98	194	2,075	2,747	1,345	4,092	6,167
Royalties	-	-	1,361	-	1,361	-	-	-	1,361
Supplies	502	500	-	2	1,004	112	49	161	1,165
Travel and transportation	7,529	167	31	679	8,406	376	273	649	9,055
Total expenses before depreciation	101,844	12,772	2,063	9,140	125,819	15,968	20,737	36,705	162,524
Depreciation	155	496	3	55	709	841	-	841	1,550
Total expenses	\$ 101,999	\$ 13,268	\$ 2,066	\$ 9,195	\$ 126,528	\$ 16,809	\$ 20,737	\$ 37,546	\$ 164,074
Percentage of total expenses	62%	8%	1%	6%	77%	10%	13%	23%	100%

The accompanying notes and independent auditor's report should be read with these financial statements.

THE NAVIGATORS AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2025 AND 2024
(in thousands)

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 11,898	\$ 5,868
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net realized and unrealized gain on investments	(4,978)	(8,686)
Change in investment in captive insurance	(136)	(444)
Depreciation	1,473	1,550
Net (gain) loss on sale of property and equipment	16	(820)
(Increase) decrease in operating assets:		
Receivables	(206)	(439)
Prepaid expenses and other assets	(247)	(27)
Increase (decrease) in operating liabilities:		
Accounts payable	483	(523)
Accrued expenses and other liabilities	(143)	(3,686)
Net cash flows from operating activities	<u>8,160</u>	<u>(7,207)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sales of investments	371	12,354
Purchases of investments	(3,668)	(3,344)
Purchases of property and equipment	(2,281)	(1,005)
Proceeds from sales of property and equipment	5	3,395
Net cash flows from investing activities	<u>(5,573)</u>	<u>11,400</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Sale of non-controlling interest	-	(961)
Net cash flows from financing activities	<u>-</u>	<u>(961)</u>
Net change in cash and equivalents	2,587	3,232
Cash and equivalents, beginning of year	<u>9,783</u>	<u>6,551</u>
Cash and equivalents, end of year	<u>\$ 12,370</u>	<u>\$ 9,783</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

THE NAVIGATORS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2025 AND 2024

1. NATURE OF ORGANIZATIONS

Organizations

The Navigators is a nonprofit Christian organization, unaffiliated with any denomination, which aims to serve God by helping people to have a personal relationship with Jesus Christ. The Navigators' work began in the United States in 1933. In 1949, The Navigators' first foreign missionary left to serve in China. Today, Navigator staff serve in Africa, Asia, Australia, Europe, Latin America, North and South America, and the Middle East. At home and abroad, staff work with college students, military personnel, professionals, church leaders, and a diversity of others.

The Navigators is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Navigators is also classified as a church and therefore exempt from filing Form 990, Return of Organization Exempt from Income Tax. The Navigators is however, subject to federal income tax on any unrelated business taxable income. In addition, The Navigators is not classified as a private foundation within the meaning of Section 509(a) of the IRC. The affiliates are wholly owned and considered to be disregarded entities and are covered under the umbrella and tax status of The Navigators.

Principles of consolidation

These consolidated financial statements include the operations of The Navigators and eight additional LLCs. The eight additional LLCs are included in the consolidated financial statements due to The Navigators being the sole member of each LLC. Other disclosures and activities are considered immaterial to the overall consolidated financial statements. All material transactions and balances between these entities have been eliminated.

Non-controlling interest

Cull Canyon Ranch ("CCR") was included in the consolidated financial statements due to an ownership interest of 68.8% by The Navigators. During the year ended August 31, 2023, management elected to put the assets held by CCR up for sale. See further disclosure at Note 5. These assets were sold during the year ended August 31, 2024, and The Navigators recognized a gain of approximately \$820,000. As a result of this sale, The Navigators has no continued ownership of this entity.

See independent auditor's report.

THE NAVIGATORS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Navigators maintains accounts and prepares the financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Overseas operations

The financial statements include all activities of the U.S. corporation of The Navigators and do not include any of the activities of foreign Navigators corporations. The financial statements of foreign Navigators corporations are not required to be consolidated with those of The Navigators under the requirements of the Reporting of Related Entities by Not-for-Profit Organizations Topic of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC").

Cash and equivalents

For purposes of the financial statements, cash and equivalents are considered to be highly liquid investments with maturities of three months or less at the time of acquisition. These accounts at times exceed federally insured limits. As of August 31, 2025 and 2024, amounts exceeding the federally insured limits were approximately \$13,775,000 and \$8,252,000, respectively. The Navigators, however, has not experienced any losses on these accounts and does not believe it is exposed to any significant credit risk. Uninvested money market and cash equivalent accounts included in the investment portfolio are not considered to be cash equivalents for financial reporting purposes.

Accounts and other receivables

Accounts receivable are stated at the amount of consideration from customers of which The Navigators has an unconditional right to receive. Accounts receivable become past due when they exceed their contractual due date; management generally does not charge interest or late fees on past due accounts. Management's evaluation of expected credit losses includes, but is not limited to, the historical experience of payment patterns from the customer, financial condition of the customer, other known facts and circumstances, and general economic conditions. Accounts receivable are written off when all methods of collection have been exhausted. Management considers accounts receivable to be fully collectable as of August 31, 2025 and 2024. Accordingly, no allowance for credit losses has been recorded. Accounts receivable include notes receivable due from a related party totaling approximately \$797,000 and \$801,000 as of August 31, 2025 and 2024, respectively.

See independent auditor's report.

THE NAVIGATORS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2025 AND 2024

Accounts receivable also include a receivable related to gift annuity and trusts that are trustee by a third party. The Navigators has outsourced trustee and administration of trusts and fiscal agent responsibilities of gift annuities. Assets and related liabilities are now reported as a beneficial interest in trust, reported in accounts receivable in the consolidated statements of financial position and is revalued annually. Any surplus or deficiency is recognized as a change in value in the consolidated statements of activities. Beneficial interest in gift annuities and trusts are classified as net assets with donor restrictions in the consolidated statements of financial position.

Prepaid expenses and other assets

Prepaid expenses and other assets are mostly comprised of author advances and insurance payments. Payments to authors are made prior to the book being published and are earned-off based on actual sales. The Navigators records an allowance for uncollectable author advances. Advances are written off once management has evaluated and determined they will not earn back through future sales.

Investments

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investments in alternative investments are recorded at net asset value ("NAV"), as a practical expedient. Investments in life insurance policies are reported at the cash surrender value of the policies based on contract value. The investment in a captive insurance is valued based on The Navigators' ownership percentage in the net assets of the captive insurance. Investment income in the consolidated statements of activities and cash flows includes realized and unrealized gains and losses, and interest and dividends. Unrealized gains or losses in fair value are recognized in the year in which they occur and are reflected in investment income. Certain assets of The Navigators' investment portfolio are pledged as collateral for operational purposes as needed. As of August 31, 2025 and 2024, assets pledged as collateral are approximately \$53,500,000 and \$48,000,000, respectively, with a borrowing limit of approximately \$13,000,000 and \$12,000,000 for the years ended August 31, 2025 and 2024, respectively. The borrowing limit can fluctuate depending on the value of specific asset classes pledged. The interest rate for borrowing against collateralized assets is currently the Federal Funds rate plus 85 basis points. There were no draws on this line during the years ended August 31, 2025 and 2024.

Property and equipment

Acquisitions of property and equipment with an original cost of \$25,000 or greater and useful lives exceeding one year are capitalized and recorded at cost, or fair value, if donated. Property and equipment are depreciated using the straight-line method over estimated useful lives as follows:

See independent auditor's report.

THE NAVIGATORS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

Land improvements and buildings and improvements	10-50 years
Equipment and furnishings	3-25 years
Vehicles, intangible assets, and other	3-10 years

Long-lived asset impairment

The Navigators evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No impairments were recognized during 2025 or 2024.

Classes of net assets

Net assets without donor restrictions represent those net assets whose use is not restricted by donors, including resources that are used to support current operations, property and equipment, and gift annuity reserves. In addition, amounts reserved by management for specific purposes, projects, and investments are included in net assets without donor restrictions.

Net assets with donor restrictions include the net assets provided by irrevocable charitable trusts and donor-restricted projects. Most donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when the stipulated purpose for which the resource was restricted has been fulfilled or the stipulated time or event has passed.

The Navigators has \$527,000 and \$480,000 of perpetual endowments as of August 31, 2025 and 2024, respectively. The Navigators has a policy consistent with the intent of the endowment agreement. The primary investment objective of endowment funds is to follow these policies that will preserve the principal value, provide predictable income, and, to the extent possible with prudence, increase the principal to offset the long-term effects of inflation.

Support and revenue

Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the

See independent auditor's report.

THE NAVIGATORS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2025 AND 2024

consolidated statements of activities as net assets released from restrictions. In addition, non-cash gifts are recorded as contributions at their estimated fair values at the date of donation. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restrictions.

Revenue from contracts with customers

Transaction price and recognition

The Navigators determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided in accordance with The Navigators' policy.

The Navigators has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors that have different reimbursement and payment methodologies
- Geography of the service location
- The Navigators' line of business that provided the service

For the years ended August 31, 2025 and 2024, The Navigators recognized revenue of \$13,201,000 and \$12,751,000, respectively, from goods and services that transfer to the customer at a point in time.

Contract assets and liabilities

The timing of revenue recognition, billings, and cash collections results in accounts receivable ("contract assets"), and deferred revenues ("contract liabilities"). Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets are generally classified as current. The Navigators sometimes invoices customers before revenues are recognized, resulting in contract liabilities. The contract assets and liabilities are reported on the balance sheets on a contract-by-contract basis at the end of each reporting period. Changes in the contract asset and liability balances during the years ended August 31, 2025 and 2024, were not materially impacted by any other factors.

Contract balances comprise the following as of August 31, 2025, 2024, and 2023, (in thousands):

	2025	2024	2023
Accounts receivable	\$ 473	\$ 607	\$ 532
Deferred revenues	734	696	628
Accrued royalties and subrights	283	374	332

See independent auditor's report.

THE NAVIGATORS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2025 AND 2024

Conferences and camps

Revenue from conferences and camps is due from vendors and individual attendees/participants and is recognized at the conclusion of the event. Performance obligations are determined based on the nature of the goods or services provided by The Navigators in accordance with the contract. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which The Navigators expects to be entitled in exchange for providing goods or services.

Royalty income

The Navigators has an agreement with Tyndale Publishing House, which grants exclusive rights to publish and sell specified resources on behalf of The Navigators. Tyndale tracks sales activities and provides reports to The Navigators, generally quarterly, accompanied by payment. Upon receipt of the report, The Navigators will recognize revenue based on the data provided by the publisher.

Functional allocation of expenses

The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs, such as depreciation and salaries, have been allocated among the program services and supporting activities benefited.

Concentration of investment risk

Financial instruments that potentially subject The Navigators to concentrations of investment risk consist principally of cash, marketable securities, and receivables. The Navigators places substantially all of its cash and liquid investments with high-quality financial institutions and limits the amount of exposure to any one financial institution. These accounts, from time to time, may exceed federally insured limits. However, The Navigators has not experienced, and does not expect to experience, any losses on these concentrations. Marketable securities, consisting of both debt and equity instruments, are generally placed in a variety of managed funds administered by different investment managers in order to limit investment risk.

Information regarding liquidity and availability

The Navigators maintains liquid financial assets consistent with internal policies. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, equity securities and other short-term and liquid investments.

The following table reflects The Navigators' financial assets as of August 31, 2025 and 2024,

See independent auditor's report.

THE NAVIGATORS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

reduced by amounts not available to meet general expenditures within one year of the consolidated statements of financial position date because of contractual restrictions (in thousands). These amounts may include net assets with donor restrictions. The majority of The Navigators' contributions represent donations from the general public, which are available to meet annual cash needs for general expenditures. The majority of these contributions and expenditures are related to staff that are classified and recognized as deputized fundraisers. Amounts not available include certain alternative investments with redemption limitations as more fully described in Note 3. The Navigators anticipates net assets with donor restrictions to be released within one year (in thousands).

	August 31,	
	2025	2024
Financial assets at year end:		
Cash and cash equivalents	\$ 12,370	\$ 9,783
Investments	107,538	99,263
Receivables	3,101	2,895
Total financial assets at year end	123,009	111,941
Less:		
Investments with liquidity horizons greater than one year	(7,186)	(4,039)
Net assets with donor restrictions	(68,379)	(65,544)
Financial assets available to meet cash needs for general expenditures within one year	\$ 47,444	\$ 42,358

Advertising

Advertising costs are expensed as incurred.

Subsequent events

Management has evaluated subsequent events through the date of the attached independent auditor's report, the date on which the financial statements were available to be issued.

3. INVESTMENTS AND FAIR VALUE MEASUREMENT

The Navigators use appropriate valuation techniques to determine fair value based on inputs available.

- The fair value of items identified as Level 1 is estimated from quotable prices in active markets for identical assets.
- The fair value of items identified as Level 2 is estimated from significant other observable inputs.

See independent auditor's report.

THE NAVIGATORS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

- The fair value of items identified as Level 3 is estimated from unobservable inputs.

When available, The Navigators measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Fair values of assets measured on a recurring basis at August 31, 2025 and 2024 are as follows (in thousands):

	August 31,		Fair Value Measurement Level
	2025	2024	
Investments subject to fair value measurement:			
Money Market Funds	\$ 4,094	\$ 3,751	1
Private Debt	8,237	5,453	1
<u>Fixed Income Funds</u>			
Ultra Short Term Fixed Income	1,116	1,061	1
Short Term Fixed Income	18,943	17,460	1
Intermediate Term Fixed Income	22,836	22,012	1
Long Term Fixed Income	5,825	5,383	1
<u>Equity Funds</u>			
Large Blended Funds	17,811	20,125	1
Large Growth Funds	10,395	10,212	1
<u>Alternative Strategy</u>			
Master Limited Partnership	4,377	3,224	1
Other Real Assets	3,722	3,547	1
<u>Alternative Investments</u>			
Low Correlated Hedge Funds, subject to net asset value	7,186	4,039	NAV
Total assets subject to fair value measurement	<u>104,542</u>	<u>96,267</u>	
Investments held at cost:			
Real Estate, held at cost	2,396	2,396	N/A
Cash Surrender Value of Life Insurance	600	600	N/A
Total investments held at cost	<u>2,996</u>	<u>2,996</u>	
Total investments	<u>\$ 107,538</u>	<u>\$ 99,263</u>	

See independent auditor's report.

THE NAVIGATORS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

The core valuation techniques used in the financial statements are:

1. The fair values of fixed income securities, mutual funds, and equity securities are based on quoted prices in active markets for identical assets or liabilities.
2. The Navigators' alternative investment consists of a hedge fund. The alternative investment invests in a variety of securities including, but not limited to, foreign and domestic publicly traded equity and debt securities, foreign and domestic fixed income investments, domestic commercial and residential real estate, options, warrants, derivatives, and contracts. To the extent possible, fair value is based on the last sale price for securities listed on national exchanges. For securities not listed on national exchanges, fair value is determined at the last bid or asking price depending on the long or short position of the security. Investments for which quotations are not available are valued at an estimated fair value by the fund managers using various models, comparisons and assumptions. Consideration is given to several factors, including the type of investment, risks, marketability, restrictions on disposition, quotations from other market participants, and values of similar investments.
3. The level hierarchy within which the fair value measurement in its entirety falls is based on the lowest level significant input included in the measurement.

Alternative investments measured at NAV held at August 31, consist of the following (in thousands):

	2025		
	Fair Value	Unfunded Commitments	Redemption Frequency
Low correlated hedge fund (A)	\$ 7,186	\$ -	Semi-annually
	2024		
	Fair Value	Unfunded Commitments	Redemption Frequency
Low correlated hedge fund (A)	\$ 4,039	\$ -	Semi-annually

(A) This class includes one hedge fund with a one-year lock-up period for acquisitions, a 95-day redemption notice period, as well as a 5% holdback on distributions until completion of the fund's independent audit.

Changes in valuation techniques from prior years: None.

See independent auditor's report.

THE NAVIGATORS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

Total investment income consists of the following for the years ended August 31, (in thousands):

	2025	2024
Interest and dividends	\$ 4,162	\$ 3,614
Net realized and unrealized gains (losses)	4,978	8,686
Investment income, net	\$ 9,140	\$ 12,300

4. INVESTMENT IN CAPTIVE INSURANCE

The Navigators and eight other not-for-profit organizations are members of an offshore captive insurance holding company entitled Stewardship Insurance, Ltd. ("SIL"). There is one wholly-owned subsidiary of SIL, Stewardship Reinsurance, Ltd ("SRL"). The Navigators' investment in captive insurance is based on the most recent data available, which is valued at \$4,219,000 and \$4,083,000 as of August 31, 2025 and 2024, respectively. This investment is reported using the equity method and is valued based on the proportionate share of each member's respective capital account.

SIL captive insures claims relating to workers' compensation, umbrella, general liability, and auto liability. SIL reinsures the first \$1,000,000 of any claim. Of that \$1,000,000, SIL pays the first \$250,000, which directly impacts the equity position of The Navigators in SIL. SRL pays the next \$750,000, and the next \$1,000,000 is reinsured with a primary insurance carrier. The policy limits are \$2,000,000 with statutory workers' compensation benefits. Umbrella insurance coverage is purchased for claims exceeding \$5,000,000. The Navigators has paid \$1,159,000 and \$1,136,000 in premiums to the captives during the years ended August 31, 2025 and 2024, respectively.

See independent auditor's report.

THE NAVIGATORS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of (in thousands):

	August 31,	
	2025	2024
Land	\$ 617	\$ 1,117
Buildings and improvements	30,911	32,215
Equipment and furnishings	5,546	5,320
Vehicles	118	167
Assets held for sale	1,925	-
Gross property and equipment	39,116	38,819
Less: Accumulated depreciation and amortization	(20,412)	(19,013)
	18,704	19,806
Construction in progress	2,772	882
Works of art	329	329
Property and equipment, net	\$ 21,804	\$ 21,017

Assets held for sale comprise of a land, buildings, and improvements that the Navigators believed had no viable ministry purpose and had an original cost of approximately \$1,925,000 and carrying amount of approximately \$1,382,000 as of the year ended August 31, 2025. The Navigators entered into a contract to sell the assets held for sale subsequent to year end for \$3,750,000, which would result in a gain of approximately \$2,368,000.

See independent auditor's report.

THE NAVIGATORS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of (in thousands):

	August 31,	
	2025	2024
Subject to expenditure for a specified purpose:		
Field ministries	\$ 46,202	\$ 41,848
International ministries	17,111	16,018
Conference and camp ministries	3,132	6,027
	66,445	63,893
Subject to the passage of time:		
Receivables / gift annuities and trusts	1,407	1,171
Perpetual endowments	527	480
	1,934	1,651
Total net assets with donor restrictions	\$ 68,379	\$ 65,544

7. CONCENTRATIONS

For the year ended August 31, 2025, five payors accounted for approximately 91% of receivables. For the year ended August 31, 2024, five payors accounted for approximately 93% of receivables.

8. MEDICAL PLAN

The Navigators provides medical benefits (hospital, surgical, and major medical) through a self-funded plan. Contributions are received from The Navigators and its employees and medical benefits are paid from the general assets of The Navigators. Included in the financial statements as of August 31, 2025 and 2024, are liabilities in the amount of \$993,000 and \$1,084,000, respectively, for claims payable and estimated incurred but not reported claims.

9. DEFINED CONTRIBUTION RETIREMENT PLAN

The Navigators has a defined contribution retirement plan ("Plan") covering all employees who are at least 21 years of age with at least one year and 1,000 hours of service. The Navigators makes a contribution to the Plan each year equal to 5.5% of eligible personnel's compensation. Total contributions made to the Plan were approximately \$4,044,000 and \$4,155,000 during the years ended August 31, 2025 and 2024, respectively.

10. COMMITMENTS

During the year ending August 31, 2020, The Navigators entered into a five-year contract with

See independent auditor's report.

THE NAVIGATORS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2025 AND 2024

Salesforce, Inc. for software services, for which The Navigators is committed to paying \$122,000 annually through June 14, 2025. This contract was extended for a period of one year, for which the Navigators is committed to paying an additional \$205,000.

During the year ending August 31, 2022, The Navigators renewed its contract with Workday, Inc. for software services, committing to pay \$539,000 annually through February 14, 2027.

During the year ended August 31, 2023, the board of directors for The Navigators committed approximately \$9,000,000 through the year ended August 31, 2027, to be set aside for the renovation of the Glen Eyrie Castle.

11. SIGNIFICANT ESTIMATES

The Navigators invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, 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 accompanying consolidated statements of financial position.

12. RELATED PARTIES

The Navigators received contributions of approximately \$310,000 and \$245,000 from corporate officers and directors during the years ended August 31, 2025 and 2024, respectively. Corporate officers and directors do not receive any compensation from The Navigators, except for reimbursement of business and ministry related expenses. All Navigator board members are required to disclose any conflicts of interest. In the fiscal years ended August 31, 2025 and 2024, no such conflicts were identified.

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See independent auditor's report.