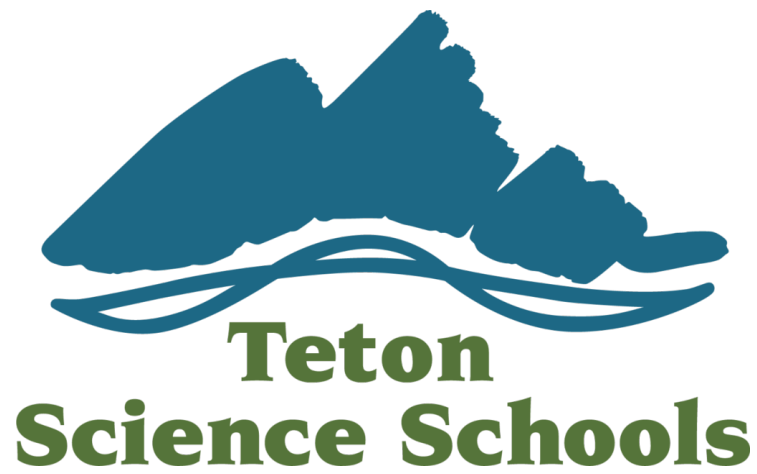




FINANCIAL STATEMENTS

with

Independent Auditor's Report

For the Years Ended May 31, 2026 and 2025

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Independent Auditor's Report

To the Board of Directors
Teton Science Schools, Inc.
Jackson, Wyoming

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of Teton Science Schools, Inc. (a nonprofit organization), which comprise the statements of financial position as of May 31, 2026 and 2025, and the related statements of activities, 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 Teton Science Schools, Inc. as of May 31, 2026 and 2025, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Teton Science Schools, Inc. 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 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 Teton Science Schools, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 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 Teton Science Schools, 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 Teton Science Schools, 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.

Carver Florek & James, CPAs

Sheridan, Wyoming
October 8, 2026

FINANCIAL STATEMENTS

TETON SCIENCE SCHOOLS, INC.
STATEMENTS OF FINANCIAL POSITION
As of May 31, 2026 and 2025

	<u>2026</u>	<u>2025</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 111,021	\$ 2,243,837
Accounts receivable, net	804,033	465,621
Pledges receivable, net	361,193	214,399
Inventory	41,887	41,128
Prepaid expenses	186,464	160,455
Total current assets	<u>1,504,598</u>	<u>3,125,440</u>
Noncurrent assets:		
Property, plant and equipment, net	27,763,995	27,782,434
Intangible assets, net	212,872	213,672
Operating lease right-of-use assets	376,388	87,635
Investment - endowment	23,309,319	22,549,004
Pledges receivable, net	235,000	152,300
Total noncurrent assets	<u>51,897,574</u>	<u>50,785,045</u>
Total assets	<u><u>\$ 53,402,172</u></u>	<u><u>\$ 53,910,485</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 602,425	\$ 662,438
Refund of endowment payable	-	2,500,000
Line of credit	600,000	1,996,178
Course deposits	1,549,601	1,773,937
Security deposit	8,500	10,750
Accrued payroll and taxes	261,409	214,283
Current portion of operating lease liability	102,331	63,175
Current portion of notes payable	79,487	74,677
Accrued interest	4,738	25,271
Total current liabilities	<u>3,208,491</u>	<u>7,320,709</u>
Long-term liabilities:		
Operating lease liability, less current portion	273,883	28,253
Notes payable, less current portion	98,205	176,343
Total long-term liabilities	<u>372,088</u>	<u>204,596</u>
Total liabilities	<u>3,580,579</u>	<u>7,525,305</u>
Net assets:		
Net assets without donor restrictions:		
Board-designated	-	3,355
Undesignated	23,679,834	23,635,843
Net assets with donor restrictions	26,141,759	22,745,982
Total net assets	<u>49,821,593</u>	<u>46,385,180</u>
Total liabilities and net assets	<u><u>\$ 53,402,172</u></u>	<u><u>\$ 53,910,485</u></u>

The accompanying notes are an integral part of the financial statements

TETON SCIENCE SCHOOLS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND OTHER INCOME			
Revenues:			
Tuition and fees	\$ 8,465,642	\$ -	\$ 8,465,642
Rent	1,136,051	-	1,136,051
Sales and royalties, net	875,220	-	875,220
Total revenues	<u>10,476,913</u>	<u>-</u>	<u>10,476,913</u>
Support and other income:			
Donations and grants	3,349,411	319,036	3,668,447
Investment income (loss)	384,303	4,209,683	4,593,986
Employee retention credit income	1,037,832	-	1,037,832
Other income	69,960	-	69,960
Total support and other income	<u>4,841,506</u>	<u>4,528,719</u>	<u>9,370,225</u>
Releases:			
Release of endowment under spending rule	949,368	(949,368)	-
Release by expiring time and purpose restriction	183,574	(183,574)	-
Total releases	<u>1,132,942</u>	<u>(1,132,942)</u>	<u>-</u>
Total revenues, support and other income	<u>16,451,361</u>	<u>3,395,777</u>	<u>19,847,138</u>
EXPENSES			
Program services	12,776,796	-	12,776,796
General and administrative	3,028,749	-	3,028,749
Fundraising and development	605,180	-	605,180
Total expenses	<u>16,410,725</u>	<u>-</u>	<u>16,410,725</u>
Change in net assets	40,636	3,395,777	3,436,413
Net assets - beginning of year	<u>23,639,198</u>	<u>22,745,982</u>	<u>46,385,180</u>
Net assets - end of year	<u>\$ 23,679,834</u>	<u>\$ 26,141,759</u>	<u>\$ 49,821,593</u>

The accompanying notes are an integral part of the financial statements

TETON SCIENCE SCHOOLS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND OTHER INCOME			
Revenues:			
Tuition and fees	\$ 7,726,477	\$ -	\$ 7,726,477
Rent	1,232,988	-	1,232,988
Sales and royalties, net	817,016	-	817,016
Total revenues	<u>9,776,481</u>	<u>-</u>	<u>9,776,481</u>
Support and other income:			
Donations and grants	5,091,848	2,715,573	7,807,421
Return of endowment (see note 8)	-	(2,500,000)	(2,500,000)
Investment income (loss)	356,570	1,439,931	1,796,501
Other income	241,041	6,450	247,491
Total support and other income	<u>5,689,459</u>	<u>1,661,954</u>	<u>7,351,413</u>
Releases:			
Release of endowment under spending rule	882,343	(882,343)	-
Release by expiring time and purpose restriction	1,211,952	(1,211,952)	-
Total releases	<u>2,094,295</u>	<u>(2,094,295)</u>	<u>-</u>
Total revenues, support and other income	<u>17,560,235</u>	<u>(432,341)</u>	<u>17,127,894</u>
EXPENSES			
Program services	11,591,670	-	11,591,670
General and administrative	4,154,168	-	4,154,168
Fundraising and development	244,347	-	244,347
Total expenses	<u>15,990,185</u>	<u>-</u>	<u>15,990,185</u>
Change in net assets	1,570,050	(432,341)	1,137,709
Net assets - beginning of year	<u>22,069,148</u>	<u>23,178,323</u>	<u>45,247,471</u>
Net assets - end of year	<u>\$ 23,639,198</u>	<u>\$ 22,745,982</u>	<u>\$ 46,385,180</u>

The accompanying notes are an integral part of the financial statements

TETON SCIENCE SCHOOLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2026

Expenses:	Program Services	General and Administrative	Fundraising and Development	Total Expenses
Salaries and wages	\$ 6,356,789	\$ 1,341,964	\$ 336,088	\$ 8,034,841
Employee benefits:				
Health	590,711	153,372	20,488	764,571
Payroll taxes	577,625	79,701	43,631	700,957
Retirement	152,616	55,653	12,936	221,205
Scholarships and financial aid	1,376,038	-	-	1,376,038
Program supplies, service and fees	1,277,107	157,019	22,873	1,456,999
Professional services	678,002	318,310	46,484	1,042,796
Depreciation and amortization	349,624	313,942	34,882	698,448
Utilities	157,553	72,797	8,089	238,439
Vehicle/building rental and maintenance	205,814	55,026	12,643	273,483
Insurance	143,818	166,162	11,077	321,057
Licenses, permits and memberships	134,931	15,214	3,236	153,381
Maintenance and repairs	341,246	69,095	7,677	418,018
Marketing and advertising	120,268	13,546	4,550	138,364
Professional development	39,661	7,625	-	47,286
Business travel	125,077	18,907	1,497	145,481
Printing	23,683	33,323	15,677	72,683
Bad debt	22,481	25,980	1,732	50,193
Internet fees	11,240	39,339	5,620	56,199
Credit card and bank fees	47,743	15,129	4,735	67,607
Telephone	22,073	27,722	4,571	54,366
Interest	10,296	34,503	5,148	49,947
Property taxes/homeowner's fees	10,914	10,125	-	21,039
Postage and shipping	1,486	4,259	1,546	7,291
Board and staff support and functions	-	36	-	36
Total expenses	<u>\$ 12,776,796</u>	<u>\$ 3,028,749</u>	<u>\$ 605,180</u>	<u>\$ 16,410,725</u>

The accompanying notes are an integral part of the financial statements

TETON SCIENCE SCHOOLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2025

Expenses:	Program Services	General and Administrative	Fundraising and Development	Total Expenses
Salaries and wages	\$ 5,959,330	\$ 1,541,769	\$ 164,297	\$ 7,665,396
Employee benefits:				
Health	673,090	115,860	14,455	803,405
Payroll taxes	567,274	142,005	14,717	723,996
Retirement	107,088	71,319	12,936	191,343
Scholarships and financial aid	1,271,762	500	-	1,272,262
Program supplies, service and fees	1,339,643	85,306	11,630	1,436,579
Professional services	376,496	668,154	5,722	1,050,372
Depreciation and amortization	-	725,986	-	725,986
Utilities	212,250	16,992	-	229,242
Vehicle/building rental and maintenance	183,452	107,225	73	290,750
Insurance	85,629	157,331	-	242,960
Licenses, permits and memberships	92,439	16,030	1,252	109,721
Maintenance and repairs	292,066	38,586	-	330,652
Marketing and advertising	97,563	18,005	3,149	118,717
Professional development	27,815	2,187	1,298	31,300
Business travel	129,317	13,267	33	142,617
Printing	48,937	8,339	10,956	68,232
Bad debt	-	83,629	-	83,629
Internet fees	51,030	13,961	963	65,954
Credit card and bank fees	32,071	16,748	2,008	50,827
Telephone	35,375	9,677	668	45,720
Interest	-	284,651	-	284,651
Property taxes/homeowner's fees	7,586	11,302	-	18,888
Postage and shipping	1,457	4,510	190	6,157
Board and staff support and functions	-	829	-	829
Total expenses	<u>\$ 11,591,670</u>	<u>\$ 4,154,168</u>	<u>\$ 244,347</u>	<u>\$ 15,990,185</u>

The accompanying notes are an integral part of the financial statements

TETON SCIENCE SCHOOLS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended May 31, 2026 and 2025

	2026	2025
<u>Cash Flows from Operating Activities</u>		
Cash received from:		
Tuition and fees	\$ 7,902,894	\$ 8,134,132
Contributions and grants	3,292,251	7,454,587
Auction proceeds	-	580
Rent and deposits	1,133,801	1,231,938
Investment income	4,593,986	1,796,501
Sales and royalties	875,220	817,016
Other	1,107,792	2,522,609
Refund of endowment	(2,500,000)	-
Cash paid to employees for services	(9,674,448)	(9,451,387)
Cash paid for operating expenses	(6,031,504)	(5,716,451)
Cash paid for interest	(70,480)	(284,876)
Net cash provided (used) by operating activities	<u>629,512</u>	<u>6,504,649</u>
<u>Cash Flows from Investing Activities</u>		
Purchases of property and equipment	(535,137)	(128,681)
Net cash from investments	<u>(757,686)</u>	<u>(4,213,593)</u>
Net cash provided (used) by investing activities	<u>(1,292,823)</u>	<u>(4,342,274)</u>
<u>Cash Flows from Financing Activities</u>		
Net borrowings on (repayment of) line of credit	(1,396,178)	-
Net borrowings on (repayment of) notes payable	<u>(73,327)</u>	<u>(68,371)</u>
Net cash provided (used) by financing activities	<u>(1,469,505)</u>	<u>(68,371)</u>
Net increase (decrease) in cash and cash equivalents	(2,132,816)	2,094,004
Cash and cash equivalents - beginning of year	2,243,837	149,833
Cash and cash equivalents - end of year	<u>\$ 111,021</u>	<u>\$ 2,243,837</u>
<u>Reconciliation of change in net assets to net cash provided (used) by operating activities:</u>		
Change in net assets	\$ 3,436,413	\$ 1,137,709
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation/amortization	698,448	725,986
Donated property and equipment	(146,702)	-
Net changes in:		
(Increase) decrease in accounts receivable	(338,412)	21,340
(Increase) decrease in pledges receivable	(229,494)	(352,834)
(Increase) decrease in other receivable	-	2,275,698
(Increase) decrease in inventory	(759)	(6,375)
(Increase) decrease in prepaids	(26,009)	-
Increase (decrease) in operating leases	(3,967)	(982)
Increase (decrease) in accounts payable	(60,013)	(113,687)
Increase (decrease) in refund of endowment payable	(2,500,000)	2,500,000
Increase (decrease) in course deposits	(224,336)	386,315
Increase (decrease) in security deposits	(2,250)	(1,050)
Increase (decrease) in accrued payroll and taxes	47,126	(67,246)
Increase (decrease) in accrued interest	(20,533)	(225)
Net cash provided (used) by operating activities	<u>\$ 629,512</u>	<u>\$ 6,504,649</u>

The accompanying notes are an integral part of the financial statements

TETON SCIENCE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended May 31, 2026 and 2025

Note 1: Summary of Significant Accounting Policies

Organization

Teton Science Schools, Inc. (the School) is a nonprofit organization incorporated in Wyoming in 1974. The School provides diverse educational opportunities by utilizing Place Based Education, which connects learning and communities while focusing on increasing student engagement, academic outcomes, and community issues. Based in Wyoming and Idaho, the School delivers its mission through operation of an independent school (Pre-K to 12) and experiential field education through economic, cultural and ecological lenses which allows the School to reach a regional and national audience that creates lifelong learners who will impact their own communities.

Basis of Presentation

The financial statements of the School have been prepared on the accrual basis of accounting and in conformity with standards promulgated by the American Institute of Certified Public Accountants.

Financial Statement Presentation

The School presents its financial statements in accordance with U.S. generally accepted accounting principles and the Not-For-Profit requirements of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, as amended by Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. Under this guidance, the School is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the School is required to present a statement of cash flows.

Contributions

The School records contributions in accordance with the standards in FASB ASC as amended, whereby contributions received are recorded as either donations as support without or with restrictions depending on the existence and/or nature of any donor restrictions. Net assets with restrictions are reclassified to net assets without restrictions upon satisfaction of the time or purpose restrictions. The School has elected to treat donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Revenue Recognition

In accordance with FASB ASC 606, the School records revenue as follows. Since the school year ends during the School's fiscal year, tuition revenue is recorded at the commencement of the school year. Other non-tuition revenue is recorded as services are provided. Accounts receivable arise from revenue associated with tuition and other program services. Advance tuition payments are recorded as course deposits until recognized. Students may make an annual payment before August 1st, semi-annual payments by August 1st and February 1st, or via 10 monthly ACH payments beginning in

July. Refunds are issued if a student withdraws, with the following non-refundable deposit deadlines: 10% before June 10th; 50% before July 31st; and no refund after August 1st.

TETON SCIENCE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended May 31, 2026 and 2025

Note 1: Summary of Significant Accounting Policies (Continued)

Current Benefit Interest

The School has a current benefit interest in the Wyoming Community Foundation and in the Community Foundation of Jackson Hole (the Foundations). In accordance with the standards in FASB ASC, the School does not record the market value of the funds as an asset on the Statement of Financial Position, but rather recognizes amounts received from or paid to the Foundations in its Statement of Activities. The Board of Trustees of the Foundations have “variance power” and may modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in their sole judgment, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Donated Services

Numerous volunteers have made contributions of their time to the School. The value of this contributed time is not reflected in the financial statements because it is not susceptible to objective measurement or valuation.

General and Administrative Expenses

General and administrative expenses consist of those expenses not specifically accounted for within a program, fundraising or development expense categories. Such expenses may include, but are not limited to, salaries and benefits, office supplies and expenses, utilities, repairs, and professional development.

Property, Equipment, and Depreciation

Property and equipment are carried at cost. It is the School’s policy to capitalize expenditures for these items in excess of \$1,500. Lesser amounts are expensed. Donations of property and equipment are recorded at their estimated fair market value on the date of the donation. Unless otherwise specified, such donations are reported as unrestricted support. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Functional Expenses

The School allocates its expenses on a functional basis among its various programs and supporting services in the Statement of Functional Expenses and as summarized in the Statement of Activities. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

TETON SCIENCE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended May 31, 2026 and 2025

Note 1: Summary of Significant Accounting Policies (Continued)

Income Tax Status

The School qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The School's open audit periods are May 31, 2024 to May 31, 2026.

Cash and Cash Equivalents

Cash and cash equivalents include all unrestricted monies in banks and highly liquid investments with original maturities of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts Receivable

Accounts receivable relate to program-type activities. The School records an allowance for credit losses equal to 2% of tuition at the time tuition is billed. If amounts become uncollectible, they will be charged to the allowance when that determination is made.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis. Inventories received through donations are valued at fair value at the date of the donation.

Donated Use of Facilities

The School maintains a leasehold interest in the facilities it uses located in Grand Teton National Park. Such facilities are provided without charge to the School. Since the School is located within the boundaries of the National Park, an estimated fair rental value of the premises cannot be made and therefore the fair value of the rents has not been included as a donation. The School must pay for improvements to existing facilities, as well as the cost of new construction it deems necessary. Improvements to Park-owned buildings become the property of the National Park Service (NPS) and are amortized over ten years. Any additions, alterations, improvements, or replacement of NPS property may not be deemed to create for the School an ownership, right, title, or interest in the buildings, roads, or trails, or improvements to the same, made available for School use by the agreement.

Promises to Give

Unconditional promises to give are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the month in which the promises are received.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The School uses the allowance method to determine uncollectable unconditional promises to give. The allowance is based on management's analysis of specific promises made.

TETON SCIENCE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended May 31, 2026 and 2025

Note 1: Summary of Significant Accounting Policies (Continued)

Advertising

The School uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. During the fiscal years ended May 31, 2026 and 2025, advertising expense was \$138,364 and \$118,717, respectively.

Note 2: Concentration of Credit Risk

The School maintains cash balances with several financial institutions, including both banks and brokerages. Interest-bearing accounts with banks and cash balances at brokerage houses are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of May 31, 2026. Brokerage accounts are insured by the Securities Investor Protection Corporation up to \$500,000 for securities held. As of May 31, 2026 the cash account balances held were fully covered by the FDIC insurance limit.

Note 3: Pledges Receivable

<u>Pledges Receivable</u>	<u>2026</u>	<u>2025</u>
Receivable in less than one year	\$ 484,569	\$ 214,399
Receivable in one to five years	235,000	522,700
Receivable in more than five years	-	-
Total pledges receivable	<u>719,569</u>	<u>737,099</u>
Less unamortized discount	<u>(123,376)</u>	<u>(370,400)</u>
Net pledges receivable	<u>596,193</u>	<u>366,699</u>
Present value of pledges receivable - current portion	361,193	214,399
Present value of pledges receivable - long-term portion	<u>235,000</u>	<u>152,300</u>
Net pledges receivable	<u><u>\$ 596,193</u></u>	<u><u>\$ 366,699</u></u>

Pledges receivable are reflected at the present value of estimated future cash flows using the discount rate of 50% for promises received.

Pledges receivable are recorded only when an enforceable, written promise is received from the donor and the amount is either known or estimable.

TETON SCIENCE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended May 31, 2026 and 2025

Note 4: Investments

The School accounts for marketable securities under FASB ASC 820, Fair Value Measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Investment Reported at Net Asset Value (NAV)

The Organization uses the NAV per share (or its equivalent) as a practical expedient to estimate the fair value of certain alternative investments that do not have a readily determinable fair value. In accordance with ASC 820, these investments have not been classified in the fair value hierarchy. The fair value amounts are presented to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The following table summarizes the School's marketable securities measured at fair value on a recurring basis as of May 31, 2026:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 17,505,221	\$ 17,505,221	\$ -	\$ -
Exchange traded funds	2,465,766	2,465,766	-	-
Total investments, at fair value	<u>19,970,987</u>	<u>\$ 19,970,987</u>	<u>\$ -</u>	<u>\$ -</u>
Cash	29,678			
Alternative investments, at NAV	<u>3,308,654</u>			
Total investments	<u>\$ 23,309,319</u>			

TETON SCIENCE SCHOOLS, INC.
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Note 4: Investments (Continued)

The following table summarizes the School's marketable securities measured at fair value on a recurring basis as of May 31, 2025:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 3,768,071	\$ 3,768,071	\$ -	\$ -
Exchange traded funds	16,976,056	16,976,056	-	-
Total investments, at fair value	<u>20,744,127</u>	<u>\$ 20,744,127</u>	<u>\$ -</u>	<u>\$ -</u>
Cash	249,121			
Alternative investments, at NAV	1,555,756			
Total investments	<u>\$ 22,549,004</u>			

The School invests in a professionally managed portfolio that contains common stock and bonds of publicly traded companies, U.S. Government obligations, and money markets, which are recorded at fair market value. Market values, cost and unrealized appreciation are summarized as follows as of May 31, 2026:

	<u>Cost</u>	<u>Quoted Market Price</u>	<u>Net Unrealized Gains (Losses)</u>
Cash	\$ 29,678	\$ 29,678	\$ -
Mutual funds	15,716,587	17,505,221	1,788,634
Exchange traded funds	2,747,545	2,465,766	(281,779)
Alternative investments	3,308,654	3,308,654	-
	<u>\$ 21,802,464</u>	<u>\$ 23,309,319</u>	<u>\$ 1,506,855</u>

Market values, cost and unrealized appreciation are summarized as follows as of May 31, 2025:

	<u>Cost</u>	<u>Quoted Market Price</u>	<u>Net Unrealized Gains (Losses)</u>
Cash	\$ 249,121	\$ 249,121	\$ -
Mutual funds	4,017,962	3,768,071	(249,891)
Exchange traded funds	15,146,170	16,976,056	1,829,886
Alternative investments	1,555,756	1,555,756	-
	<u>\$ 20,969,009</u>	<u>\$ 22,549,004</u>	<u>\$ 1,579,995</u>

TETON SCIENCE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended May 31, 2026 and 2025

Note 4: Investments (Continued)

The components of investment income for the years ended May 31, 2026 and 2025, are as follows:

	<u>2026</u>	<u>2025</u>
Realized gains (losses)	\$ 2,442,704	\$ 539,788
Net unrealized gains (losses)	92,916	562,304
Interest and dividends	2,109,863	757,819
Investment fees	(51,497)	(63,410)
	<u>\$ 4,593,986</u>	<u>\$ 1,796,501</u>

Note 5: Property and Equipment

A summary of fixed assets and accumulated depreciation as of May 31, 2026 and 2025 is as follows:

	<u>2026</u>	<u>2025</u>
Land	\$ 12,362,085	\$ 12,362,085
Construction in progress	244,721	229,778
Buildings	25,822,657	25,809,708
Building improvements	3,724,446	3,391,389
Furniture and fixtures	1,453,294	1,425,334
Vehicles	2,651,214	2,426,212
Program equipment	543,382	482,582
Murie collection & museum	28,458	28,458
Total property, plant and equipment	46,830,257	46,155,546
Less accumulated depreciation	(19,066,262)	(18,373,112)
Property, plant and equipment, net	<u>\$ 27,763,995</u>	<u>\$ 27,782,434</u>

Depreciation expense for the years ended May 31, 2026 and 2025 was \$698,448 and \$725,986, respectively.

Note 6: Right-of-Use Assets

Operating right-of-use assets consisted of the following at May 31, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Right-of-use assets	\$ 600,379	\$ 250,365
Less: accumulated amortization	(223,991)	(162,730)
	<u>\$ 376,388</u>	<u>\$ 87,635</u>

TETON SCIENCE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended May 31, 2026 and 2025

Note 7: Line of Credit

The School has a line of credit agreement with a national bank for a maximum amount of \$2,000,000 as of May 31, 2026. The line of credit is secured by all accounts of the School. As of May 31, 2026 and 2025, the outstanding balance was \$600,000 and \$1,996,178, respectively and is to be renewed September 16, 2026. The line of credit bears interest at the daily simple secured overnight financing rate (SOFR) set by the Federal Reserve Bank of New York plus 1.75% and was 5.63% and 7.08% as of May 31, 2026 and 2025, respectively.

Note 8: Return of Endowment Gift

As of May 31, 2025, the School had not met the terms of an endowment agreement with a donor, and the School was obligated to return the \$2,500,000 gift. The School recognized the obligation in the year ended May 31, 2025 as a reduction of support in net assets with donor restrictions and as a liability, "Refund of endowment payable," on the statement of financial position as of May 31, 2025. On October 3, 2025, the School paid \$2,500,000 to the donor, settling the liability in full.

Note 9: Long-Term Debt

Long-term debt is as follows at May 31, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
7.38% note payable to a bank, due in monthly installments of \$1,703, including interest. Original principal amount of \$161,218. Matures October 2029. The loan is secured by certain fixed assets.	\$ 65,339	\$ 81,195
5.96% note payable to a bank, due in monthly installments of \$1,135, including interest. Original principal amount of \$58,784. Matures September 2027. The loan is secured by a vehicle.	17,421	29,610
6.85% note payable to a bank, due in monthly installments of \$2,746, including interest. Original principal amount of \$139,159. Matures March 2028. The loan is secured by certain vehicles.	56,614	84,634
6.88% note payable to a bank, due in monthly installments of \$1,713, including interest. Original principal amount of \$85,764. Matures May 2028. The loan is secured by certain vehicles.	<u>38,318</u>	<u>55,581</u>
Total long-term debt	177,692	251,020
Less current portion of long-term debt	<u>(79,487)</u>	<u>(74,677)</u>
	<u><u>\$ 98,205</u></u>	<u><u>\$ 176,343</u></u>

TETON SCIENCE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended May 31, 2026 and 2025

Note 9: Long-Term Debt (Continued)

Future minimum installments of the above long-term debt as of May 31, 2026 are as follows:

<u>Years ending May 31,</u>	
2027	\$ 79,487
2028	69,337
2029	19,600
2030	9,268
	<u>\$ 177,692</u>

Note 10: Leases

The School had two facility leases under operating lease agreements for the year ended May 31, 2026. The following table summarizes the School's operating facility leases:

Description:	Expected Term	Discount Rate	Lease Liability at May 31, 2025	Additions	Deletions	Lease Liability at May 31, 2026	Amount Due within One Year
4280 W Leaper Lane	11/1/19 - 10/31/26	5.96%	\$ 91,428	\$ -	\$ (65,228)	\$ 26,200	\$ 26,200
630 S Millward Street	5/31/26 - 5/31/30	6.75%	-	350,014	-	350,014	76,131
Total leases			<u>\$ 91,428</u>	<u>\$ 350,014</u>	<u>\$ (65,228)</u>	<u>\$ 376,214</u>	<u>\$ 102,331</u>

The weighted average discount rate at May 31, 2026 and 2025 was 6.69 percent and 5.96 percent, respectively.

The weighted average remaining lease term at May 31, 2026 and 2025 was 3.82 and 1.34 years, respectively.

Future minimum payments required under these agreements are as follows as of May 31, 2026:

<u>Years ending May 31,</u>	
2027	\$ 121,992
2028	98,262
2029	101,210
2030	104,246
	<u>425,710</u>
Less interest	<u>(49,496)</u>
Total operating lease liability	<u>\$ 376,214</u>

For the years ended May 31, 2026 and 2025, total rent expense under short-term leases was \$100,000 and \$100,000, respectively.

TETON SCIENCE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended May 31, 2026 and 2025

Note 11: Defined Contribution Plan

The School has established a matching contribution retirement plan (the Plan) pursuant to Section 403(b) of the Internal Revenue Code.

Eligibility requirements under the plan state that an eligible employee may begin participation in this plan on the Plan entry date following the completion of a 12-month period which constitutes one year of service at the School and attainment of age 21. An eligible employee is defined as any employee employed by the School for 1,000 or more hours of service during any 12 consecutive calendar months commencing on his or her date of employment or any anniversary date.

The School makes matching plan contributions for all eligible employees based on a percentage of regular salary up to the following percentages:

<u>Completed Years of Service</u>	<u>Contribution Percentage</u>
1-4 years	3%
5 years or more	6%

Employee contributions made through salary reduction are made on a tax-deferred basis in accordance with Section 403(b) of the Internal Revenue Code.

A participating employee is fully and immediately vested in amounts attributed to their employee salary reductions when such contributions are made. Participating employees are 50% vested in employer plan contributions after two years and are 100% vested after three years of service. The School contributed \$221,205 and \$191,343 to the plan for the years ended May 31, 2026 and 2025, respectively.

Note 12: Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at May 31, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Endowment - support of operations	\$ 19,752,209	\$ 14,207,016
Endowment - scholarships	3,557,110	5,841,988
Outreach and educational services	2,832,440	2,650,827
Scholarships	-	46,151
Total	<u>\$ 26,141,759</u>	<u>\$ 22,745,982</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donor or by the lapse of time restrictions.

	<u>2026</u>	<u>2025</u>
Outreach and educational services	\$ 137,423	\$ 1,199,405
Scholarships	46,151	12,547
Total satisfaction of program and time restrictions	<u>\$ 183,574</u>	<u>\$ 1,211,952</u>

TETON SCIENCE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended May 31, 2026 and 2025

Note 13: Donor-Restricted Endowments

The endowment fund at May 31, 2026 consisted entirely of net assets with donor restrictions. The School has interpreted state law as requiring the preservation of the purchasing power (real value) of the permanent funds unless explicit donor stipulations specify how net appreciation must be used. To meet that objective, the School's endowment management policies require that net appreciation be retained permanently in an amount necessary to adjust the historic dollar value of original endowment gifts by the change in the Consumer Price Index.

State law allows the School to appropriate an amount of the net appreciation as is prudent considering the School's long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the School has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) to permit spending from underwater endowments in accordance with prudent measures required under law.

Effective in the fiscal year ending May 31, 2013, the School updated its spending policy as follows. Unless otherwise determined by the Board of Directors or specifically restricted by the donor, the target annual distribution rate shall be 5 percent (5.0%) of the average market value of the endowment funds (which includes scholarship, operating and capital). Distribution of spendable amounts may be made annually, as soon as practical after the first calendar day of June. The distribution amount shall be calculated annually on December 31st. The annual distribution will be calculated using a three-year rolling average by multiplying the spending rate (5%) by the average value of the endowment funds for the previous three calendar year-ends (December 31).

Changes in endowment assets for the year ended May 31, 2026 and 2025 are as follows:

	2026	2025
Endowment net assets, beginning of year	\$ 20,049,004	\$ 21,984,966
Contributions	-	-
Investment return, net	4,209,683	1,446,381
Return of endowment	-	(2,500,000)
Amount appropriated for expenditures	(949,368)	(882,343)
Endowment net assets, end of year	<u>\$ 23,309,319</u>	<u>\$ 20,049,004</u>

TETON SCIENCE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended May 31, 2026 and 2025

Note 14: Commitments and Contingencies

Grants and endowments require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions, or in the case of endowments, failure to continue to fulfill them, could result in the return of funds to grantors/donors. Although that is a possibility, the Board deems the contingency to be remote, since gifts are only accepted if their restrictions and terms fit within the objective of the organization.

Note 15: Liquidity and Availability of Financial Assets

The School's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2026</u>	<u>2025</u>
Financial assets:		
Cash and cash equivalents	\$ 111,021	\$ 2,243,837
Accounts receivable, net	804,033	465,621
Short-term pledges receivable	361,193	214,399
Investment - endowment	23,309,319	22,549,004
Long-term pledges receivable	<u>235,000</u>	<u>152,300</u>
Total financial assets	24,820,566	25,625,161
Less unavailable for general expenditures:		
Long-term portion of pledges receivable	(235,000)	(152,300)
Investment - endowment	(23,309,319)	(22,549,004)
Board-designated capital reserves	<u>-</u>	<u>(3,355)</u>
Total financial assets available for general expenditures within one year	<u><u>\$ 1,276,247</u></u>	<u><u>\$ 2,920,502</u></u>

As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the School invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the School has a line of credit as discussed in Note 7.

TETON SCIENCE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended May 31, 2026 and 2025

Note 16: Contribution of Net Assets from Wyoming Stargazing

Under a Memorandum of Understanding effective February 1, 2026, Wyoming Stargazing (WYSG), a Wyoming nonprofit corporation providing astronomy and dark-sky education programs in the Jackson area, transferred substantially all of its assets, operations, and liabilities to the School. The School paid no consideration. WYSG's programs now operate as a department of the School under the name Wyoming Stargazing.

The School recognized the transfer as an unconditional contribution as of May 31, 2026, measured at the fair value of the assets received and liabilities assumed, as follows:

Cash	\$	86,887
Vehicles		85,902
Program equipment		60,800
Operating lease right-of-use asset		350,014
Operating lease liability		(350,014)
Net contribution	\$	<u>233,589</u>

The net contribution is reported as donations and grants without donor restrictions in the statement of activities for the year ended May 31, 2026.

Contributed nonfinancial assets: The vehicles and program equipment received (\$146,702), which include telescopes and optical equipment and a portable planetarium, are used in the School's education programs. The School does not intend to sell them. These assets carried no donor restrictions. Vehicles were valued using published used-vehicle pricing guides for comparable make, model, year, and condition, and program equipment was valued using current replacement cost adjusted for age and condition.

Assumed lease: The School assumed WYSG's facility lease at 630 S Millward Street, which runs through May 31, 2030. The right-of-use asset and lease liability were measured at the present value of the remaining lease payments using a discount rate of 6.75%. See Note 10.

Note 17: Subsequent Events

Events occurring subsequent to the Statement of Financial Position date have been evaluated for financial statement impact or disclosure through October 8, 2026, the date the financial statements were available to be issued. None have been noted.