Financial Statements

Polar Bears International

For the Years Ended
December 31, 2025 and 2024

Polar Bears International

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Polar Bears International
Bozeman, Montana

Opinion

We have audited the consolidated financial statements of Polar Bears International (the Organization), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2025 and 2024, and the consolidated changes in its net assets and its consolidated 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as listed below, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements:

1. Consolidating Schedule of Financial Position
2. Consolidating Schedule of Activities and Change in Net Assets

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financials statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

July 6, 2026

Polar Bears International

Consolidated Statements of Financial Position
As of December 31, 2025 and 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	$ 2,641,877	$ 1,808,583
Investments	331,500	484,742
Accounts receivable	43,252	130,028
Contributions receivable	135,607	434,003
Inventory	33,140	19,072
Prepaid expenses	134,769	67,609
Right-of-use assets - operating	220,220	346,290
Right-of-use asset - finance	10,345	12,852
Total current assets	3,550,710	3,303,179
Property, Plant, and Equipment, Net	3,274,501	3,354,326
NONCURRENT ASSETS		
Security deposits	787	787
Intangible assets, net	341,100	408,172
Total noncurrent assets	341,887	408,959
Total Assets	$ 7,167,098	$ 7,066,464

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Note payable	$ 30,200	$ 7,417
Accounts payable and accrued liabilities	327,117	437,473
Refundable advances	9,340	8,897
Lease liabilities - operating	135,442	123,065
Lease liability - finance	2,667	2,486
Total current liabilities	504,766	579,338
LONG-TERM LIABILITIES		
Note payable, net	-	27,976
Lease liabilities - operating, net	91,919	220,001
Lease liability - finance, net	7,678	10,366
Total long-term liabilities	99,597	258,343
Total liabilities	604,363	837,681
NET ASSETS		
Without donor restrictions	5,832,815	4,371,114
With donor restrictions	729,920	1,857,669
Total net assets	6,562,735	6,228,783
Total Liabilities and Net Assets	$ 7,167,098	$ 7,066,464

See accompanying notes to consolidated financial statements.

Polar Bears International

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 5,098,808	$ 704,320	$ 5,803,128
Contributed nonfinancial assets	806,673	-	806,673
Grants	-	600,934	600,934
Net investment return	35,716	-	35,716
Program registration fees	29,750	-	29,750
Other revenue	84,325	-	84,325
Net assets released from donor restrictions	2,433,003	(2,433,003)	-
Total support and revenue	8,488,275	(1,127,749)	7,360,526
EXPENSES			
Program Services	5,757,595	-	5,757,595
Supporting Services:			
General and Administrative	625,493	-	625,493
Fundraising	664,421	-	664,421
Total supporting services	1,289,914	-	1,289,914
Total expenses	7,047,509	-	7,047,509
Changes in net assets before other item	1,440,766	(1,127,749)	313,017
OTHER ITEM			
Foreign currency gain	20,935	-	20,935
Total other item	20,935	-	20,935
Changes in net assets	1,461,701	(1,127,749)	333,952
Net assets at beginning of year	4,371,114	1,857,669	6,228,783
Net Assets at End of Year	$ 5,832,815	$ 729,920	$ 6,562,735

See accompanying notes to consolidated financial statements.

Polar Bears International

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 2,899,516	$ 1,531,316	$ 4,430,832
Contributed nonfinancial assets	760,985	-	760,985
Grants	-	41,520	41,520
Net investment return	46,143	-	46,143
Program registration fees	26,400	-	26,400
Other revenue	9,962	-	9,962
Net assets released from donor restrictions	1,315,917	(1,315,917)	-
Total support and revenue	5,058,923	256,919	5,315,842
EXPENSES			
Program Services	4,468,431	-	4,468,431
Supporting Services:			
General and Administrative	443,965	-	443,965
Fundraising	675,938	-	675,938
Total supporting services	1,119,903	-	1,119,903
Total expenses	5,588,334	-	5,588,334
Changes in net assets before other item	(529,411)	256,919	(272,492)
OTHER ITEM			
Foreign currency loss	(57,634)	-	(57,634)
Total other item	57,634	-	57,634
Changes in net assets	(587,045)	256,919	(330,126)
Net assets at beginning of year	4,958,159	1,600,750	6,558,909
Net Assets at End of Year	$ 4,371,114	$ 1,857,669	$ 6,228,783

See accompanying notes to consolidated financial statements.

Polar Bears International

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Supporting Services: Total Expenses	Total Expenses
Payroll and training	$ 1,881,003	$ 154,624	$ 265,027	$ 419,651	$ 2,300,654
Outside services	1,060,996	13,563	62,343	75,906	1,136,902
Travel	348,046	1,597	34,783	36,380	384,426
Rent	60,682	24,318	24,318	48,636	109,318
Events	29,535	5,250	12,104	17,354	46,889
Depreciation	225,966	16,353	-	16,353	242,319
Advertising and promotion	183,879	-	13,587	13,587	197,466
Amortization	77,108	6,907	38,838	45,745	122,853
Supplies	55,898	5,415	38,283	43,698	99,596
Professional fees	80,499	85,483	32,627	118,110	198,609
Insurance	80,133	39,700	9,448	49,148	129,281
Equipment rental and maintenance	491,522	2,257	78,227	80,484	572,006
Utilities	29,260	2,934	3,863	6,797	36,057
Licenses and fees	1,459	60,520	12,989	73,509	74,968
Other operating expenses	63,546	40,919	24,369	65,288	128,834
Grants	919,755	-	-	-	919,755
Small equipment	78,052	6,175	4,155	10,330	88,382
Postage	27,189	496	6,474	6,970	34,159
Taxes	52,429	260	608	868	53,297
Interest	-	1,403	-	1,403	1,403
Cost of merchandise sold	10,638	-	2,378	2,378	13,016
Bank charges	-	4,313	-	4,313	4,313
Bad debt	-	151,555	-	151,555	151,555
Miscellaneous	-	1,451	-	1,451	1,451
Total	$ 5,757,595	$ 625,493	$ 664,421	$ 1,289,914	$ 7,047,509

See accompanying notes to consolidated financial statements.

Polar Bears International

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2024

		Supporting Services			
	Program Services	General and Administrative	Fundraising	Total Expenses	Total Expenses
Payroll and training	$ 1,591,060	$ 139,507	$ 370,301	$ 509,808	$ 2,100,868
Outside services	792,131	6,538	52,771	59,309	851,440
Travel	355,309	7,159	36,950	44,109	399,418
Rent	62,783	26,272	26,720	52,992	115,775
Events	40,926	1,900	34,444	36,344	77,270
Depreciation	275,087	23,105	-	23,105	298,192
Advertising and promotion	190,569	1,800	5,102	6,902	197,471
Amortization	35,599	-	29,126	29,126	64,725
Supplies	65,015	2,935	37,643	40,578	105,593
Professional fees	81,744	83,532	28,563	112,095	193,839
Insurance	71,614	11,770	10,981	22,751	94,365
Equipment rental and maintenance	606,196	1,039	1,182	2,221	608,417
Utilities	28,587	5,595	4,715	10,310	38,897
Licenses and fees	265	55,910	12,934	68,844	69,109
Other operating expenses	48,840	51,302	13,743	65,045	113,885
Small equipment	145,387	10,140	2,789	12,929	158,316
Postage	18,880	133	6,655	6,788	25,668
Taxes	38,845	161	758	919	39,764
Interest	(1,394)	9,585	-	9,585	8,191
Cost of merchandise sold	20,477	2,085	241	2,326	22,803
Bank charges	511	3,497	320	3,817	4,328
Total	$ 4,468,431	$ 443,965	$ 675,938	$ 1,119,903	$ 5,588,334

See accompanying notes to consolidated financial statements.

Polar Bears International

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 333,952	$ (330,126)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	242,319	298,194
Discount on long-term receivables	-	7,780
Amortization of right-of-use assets - operating	126,070	64,725
Amortization of right-of-use assets - finance	2,507	(12,852)
Receipt of donated intangible assets	(57,419)	(127,538)
Receipt of donated property and equipment	(110,229)	-
Loss on disposal of property and equipment	73,113	-
Decrease (increase) in:		
Accounts receivable	86,776	(14,034)
Contributions receivable	298,396	604,653
Inventory	(14,068)	7,899
Prepaid expenses	(67,160)	(19,436)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(110,356)	74,317
Lease liabilities - operating	(115,705)	11,239
Lease liabilities - finance	(2,507)	12,324
Refundable advances	(443)	8,897
Net cash provided by operating activities	685,246	586,042
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	-	(72,811)
Purchases of intangible assets	-	(59,652)
Proceeds from sale of investments	153,241	556,393
Net cash provided by investing activities	153,241	423,930
CASH FLOWS FROM FINANCIAL ACTIVITIES		
Payments on note payable	(5,193)	(371,426)
Net cash used by financing activities	(5,193)	(371,426)
Net increase in cash and cash equivalents	833,294	638,546
Cash and cash equivalents at beginning of year	1,808,583	1,170,037
Cash and Cash Equivalents at End of Year	$ 2,641,877	$ 1,808,583

See accompanying notes to consolidated financial statements.

Polar Bears International

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
SUPPLEMENTAL INFORMATION		
Interest Paid	$ 1,403	$ 8,191
SCHEDULE OF NONCASH TRANSACTIONS		
Right-of-Use Assets - Operating	$ -	$ 424,957
Operating Lease Liabillites for Right-of-Use Assets	$ -	$ 418,177
Right-of-Use Asset - Finance	$ -	$ 14,054
Finance Lease Liabilities for Right-of-Use Asset	$ -	$ 14,054

See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

Organization

Polar Bears International is a non-profit organization as provided by the United States Internal Revenue Code Section 501(c)(3). Polar Bears International (Canada) Inc. is a without-share capital corporation incorporated under the Federal laws of Canada. In 2004, Polar Bears International entered into a joint venture agreement with Polar Bears International (Canada) Inc. In 2020, the joint venture agreement was updated with a Strategic Alliance and Partnership Agreement. The purpose of this agreement is to fund, facilitate, promote, and carry out activities, research, and programs for the advancement of education relating to the conservation of polar bears within Canada and worldwide. The term of the Strategic Alliance shall continue for an indefinite period until terminated in accordance with the agreement.

Program Services

Polar Bears International (PBI) is the only non-profit dedicated solely to protecting polar bears and the sea ice they depend on. PBI's mission is to inspire action to ensure a future for polar bears through research, education, advocacy, and international collaboration. Recognized as a global leader in polar bear conservation, PBI leverages a team of leading scientists and conservationists to advance crucial research that deepens our understanding of polar bears and how best to protect them. The organization works with communities living alongside the bears to identify strategies to keep both polar bears and humans safe. PBI inspires people worldwide to care about polar bears and the fragile Arctic ecosystem, and to take impactful action to secure a future where polar bears can thrive.

The following are the major programs that support the mission:

Research Projects – conduct, collaborate, and publish research on polar bears and the impacts of the changing Arctic sea ice on polar bear populations.

Coexistence Measures – work alongside northern communities to develop tools and strategies to minimize human-bear conflicts.

Education and Outreach – share hopeful, science-based information on polar bears and empower action through educational programs, public talks, workshops, media interviews, and e-communications.

Awareness Events – promote a series of annual events that raise awareness on the urgent challenges polar bears face and inspire global citizens to take action.

Policy – provide science-based information to policymakers and wildlife managers to help ensure a better future for the bears.

EV Tundra Buggy One – conduct outreach through a custom roving research vehicle and broadcast studio that supports the organization’s Tundra Connection webcast program and live Polar Bear Cams, reaching a global audience.

1. Summary of Significant Accounting Policies (Continued)

Program Services (Continued)

Arctic Documentary Project – create a historical record through words, pictures, and moving images of the Arctic today.

Arctic Ambassador Centers – Partner with leading zoos, aquariums, and wildlife parks that share a commitment to polar bear conservation to help PBI reach a global audience and amplify its impact.

Principles of Consolidation

The accompanying consolidated financial statements are presented in accordance with the criterion established by FASB ASC 958-810, Not-for-Profit Entities, Consolidation. Under FASB ASC 958-810, consolidation is required if a separate not-for-profit organization has control (i.e., major voting interest) and significant economic interest in that other organization. The accompanying consolidated financial statements include the operations of Polar Bears International and Polar Bears International (Canada) Inc. (collectively "the Organization"). All significant inter-company accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less, excluding money market funds included as part of the investment portfolio, to be cash and cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $250,000.

The Organization had approximately $116,768 and $298,994 of cash and cash equivalents held at financial institutions in foreign countries as of December 31, 2025 and 2024, respectively. Bank deposits in Canada are insured up to 100,000 Canadian Dollars (approximately $73,000).

At times during the year, the Organization maintains cash balances in excess of the FDIC and Canada Deposit Insurance Corporation (CDIC) insurance limits. Management believes the risk in these situations to be minimal.

Investments

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

Investments acquired by gift, such as donated securities, are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Certificates of deposit held for investment that are not debt securities with original maturities greater than three months are included in investments.

Receivables

Accounts receivable primarily consists of amounts due within one year related to program registration fees and reimbursements for treks and expeditions. In addition, accounts receivable consists of goods and services taxes paid in Canada. The Organization is entitled to half of the qualifying amount of taxes paid as a refund. Accounts receivable are recorded at their net realizable value which approximates fair value.

Accounts receivable are evaluated for an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions.

1. Summary of Significant Accounting Policies (Continued)

Receivables (Continued)

Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. Management considers all amounts to be fully collectable. Accordingly, an allowance for credit losses has not been established.

Contributions receivable include unconditional promises to give that are expected to be collected in future years. Contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term pledges receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in grants and contributions revenue. All contributions receivable are considered fully collectible in the coming year; therefore no discount or allowance for uncollectible receivables are recorded at December 31, 2025 or 2024.

Inventory

Inventory consists primarily of promotional merchandise and is measured at the lower of cost and net realizable value using the first-in, first-out method.

Property and Equipment

Property and equipment in excess of $5,000 are capitalized and stated at cost. Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets, generally 5 to 40 years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense totaled $368,449 and $368,887 for the years ended December 31, 2025 and 2024, respectively.

Impairment of Long-Lived Assets

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced to its current fair value, and a loss is reported in accompanying Consolidated Statements of Financial Position.

Income Taxes

Polar Bears International is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Polar Bears International is not a private foundation. Polar Bears International (Canada) Inc. was formed as a without-share capital corporation incorporated under the Federal laws of Canada, which is considered a tax exempt entity type.

1. Summary of Significant Accounting Policies (Continued)

Support and Revenue

Contributions and Grants -

Contributions and grants are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions and grants is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions and grants with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Revenue from events is recorded as contributions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. The Organization's refundable advances totaled 9,340 and 8,897 as of December 31, 2025 and 2024, respectively.

In addition, the Organization may obtain funding source agreements related to conditional contributions, which will be received in future years. However, the Organization had no conditional contributions to be received in future years as of December 31, 2025 and 2024.

Program Registration Fees -

The Organization’s program registration fees are the most significant revenue stream that is treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. The Organization has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on cost. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The Organization’s contracts with customers generally have initial terms of one year or less.

1. Summary of Significant Accounting Policies (Continued)

Contributed Nonfinancial Assets

Contributed nonfinancial assets consist of professional services and materials. Goods donated for distribution for the Organization's programs are recorded at their fair market value as of the date of the gift. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In addition, volunteers have donated significant amounts of their time to the Organization; these donated services are not reflected in the consolidated financial statements since these services do not meet the criteria for recognition as contributed services.

Foreign Currency Translation

The U.S. Dollar is the functional currency for the Organization's worldwide operations. Transactions in currencies other than U.S. Dollars are converted into U.S. Dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into U.S. Dollars at the exchange rate in effect at the date of the Consolidated Statements of Financial Position.

Use of Estimates

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

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was $197,466 and $197,471 for the years ended December 31, 2025 and 2024, respectively.

Functional Allocation of Expenses

The costs of providing the Organization’s programs and supporting services have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefitted more than one functional area, such as personnel costs, were allocated based on estimated time and effort. Occupancy, depreciation, and office costs were allocated based on square footage occupied.

1. Summary of Significant Accounting Policies (Continued)

Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, 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 financial statements.

2. Investments and Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the accompanying Consolidated Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended December 31, 2025 and 2024. Transfers between levels are recorded at the end of the reporting period, if applicable.

Guaranteed Investment Certificates - Generally valued at original cost plus accrued interest, which approximates fair value.

2. Investments and Fair Value Measurements (Continued)

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Investments:				
Guaranteed Investment Certificates	$ -	$ 331,500	$ -	$ 331,500

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Investments:				
Guaranteed Investment Certificates	$ -	$ 484,742	$ -	$ 484,742

Net investment return consisted of the following for the years ended December 31, 2025 and 2024:

	2025	2024
Interest and dividends	$ 35,814	$ 46,245
Investment fees	(98)	(102)
Net Investment Return	$ 35,716	$ 46,143

3. Contract Assets

Contract assets consisted of the following revenue streams as of:

	December 31, 2025	December 31, 2024
Program Registration Fees and Reimbursements for Treks and Expeditions	$ 43,252	$ 130,028

4. Property and Equipment

Property and equipment consisted of the following as of December 31, 2025 and 2024:

	2025	2024
Buildings and improvements	$ 3,396,272	$ 3,391,340
Equipment	941,268	1,106,136
Furniture	121,300	108,085
Land	36,453	36,453
Subtotal	4,495,293	4,642,014
Less: Accumulated Depreciation	(1,220,792)	(1,287,688)
Net Property and Equipment	$ 3,274,501	$ 3,354,326

Depreciation expense for the years ended December 31, 2025 and 2024 was $243,958 and $298,192, respectively.

5. Intangible Assets

Intangible assets consisted of the following at December 31, 2025 and 2024:

	2025	2024
Website	$ 667,631	$ 610,212
Trademark	43,359	43,359
Subtotal	710,990	653,571
Less: Accumulated amortization	(369,890)	(245,399)
Net Intangible Assets	$ 341,100	$ 408,172

Amortization expense for the years ended December 31, 2025 and 2024 was $124,491 and $93,655, respectively, and is included as Amortization expense in the accompany Consolidated Statements of Functional Expenses.

6. Note Payable

Facility B - to Canadian Imperial Bank of Commerce in the amount of $73,613; dated December 18, 2018; the note was due on demand, but until demand, the note required monthly payments of $744, including interest of 3.962%, through January 1, 2021. The term of the loan is 120 months, of which the fixed rate period was 24 months. At the end of 24 months, the loan was due in full or the terms could be extended and interest rate negotiated. The loan is secured by the Organization's property in Manitoba. The note payable was extended during January 2021. The new terms of the note payable required monthly payments of $697, including interest of 2.438%, through December 1, 2025, with a final payment of accrued interest and principal due on January 1, 2026.

6. Note Payable (Continued)

Facility D - to Canadian Imperial Bank of Commerce in the amount of $588,904; dated December 18, 2018; the note was due on demand, but until demand, the note required monthly payments of $6,067, including interest of 4.373%, through January 1, 2024. The term of the loan is 120 months, of which the fixed rate period was 60 months. At the end of 60 months, the loan is due or the terms can be extended and interest rate negotiated. The loan is secured by the Organization's property in Manitoba. The loan was paid in full during the year ended December 31, 2024.

As of December 31, 2025 and 2024, the total outstanding balance of the notes payable are as follows:

	2025	2024
Facility B	$ 30,200	$ 35,393

Principal payments are due as follows:

Year Ending December 31, 2026	$ 30,200

During the years ended December 31, 2025 and 2024, interest expense was $1,403 and 8,191, respectively.

7. Line of Credit

The Organization maintains an account that functions as a line of credit with the Canadian Imperial Bank of Commerce, due on demand, with an interest rate at prime plus 0.50%, that allows maximum borrowings of $36,847. The line is secured by the Organization's property in Manitoba. There were no outstanding borrowings during the years ended (or as of) December 31, 2025 and 2024.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31, 2025 and 2024:

	2025	2024
Subject to expenditure for a specified purpose	$ 706,170	$ 1,558,777
Subject to passage of time	23,750	298,892
Total Net Assets with Donor Restrictions	$ 729,920	$ 1,857,669

8. Net Assets with Donor Restrictions (Continued)

The Organization serves as a fiscal sponsor for an unrelated organization in connection with a large conference planned to occur in fiscal year 2028. Under this arrangement, the Organization is responsible for receiving and safeguarding funds contributed by donors and conference participants, maintaining accounting records, and disbursing funds in accordance with the terms of the fiscal sponsorship agreement. The Organization does not have discretion to redirect these funds for its own programs or operations.

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the years ended December 31, 2025 and 2024:

	2025	2024
Purpose restrictions accomplished	$ 1,826,900	$ 1,139,425
Passage of time restrictions met	606,103	176,492
Total Net Assets Released from Donor Restrictions	$ 2,433,003	$ 1,315,917

9. Liquidity and Availability

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date comprise the following as of December 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	$ 2,641,877	$ 1,808,583
Investments	331,500	484,742
Contributions receivable	135,607	434,003
Accounts receivable	43,252	130,028
Subtotal financial assets available within one year	3,152,236	2,857,356
Less: Donor-restricted funds	(706,170)	(1,558,777)
Financial Assets Available for Use Within One Year	$ 2,446,066	$ 1,298,579

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, the Organization has a line of credit agreement (as further discussed in Note 7) which allows for additional available borrowings up to $36,847.

10. Contributed Nonfinancial Assets

The Organization was the beneficiary of certain contributed nonfinancial assets which allowed it to provide greater resources towards its various programs. No donor-imposed restrictions were associated with the contributed nonfinancial assets, which are recorded at their estimated fair market value as of the date of the gift. In addition, none of the donated goods were monetized through sale.

10. Contributed Nonfinancial Assets (Continued)

The contributed nonfinancial assets consisted of the following for the years ended December 31, 2025 and 2024:

	2025	2024
Equipment rental/maintenance	$ 275,623	$ 323,394
Outside services	215,661	209,466
Advertising and promotion	153,230	124,086
Website and video	45,673	88,639
Supplies	-	5,439
Equipment	109,440	5,115
Cost of merchandise	-	2,550
Small equipment	7,046	2,296
Total Contributed Nonfinancial Assets	$ 806,673	$ 760,985

The contributed nonfinancial assets have been recorded in support and in the following functional expense categories during the years ended December 31:

	2025	2024
Program	$ 650,448	$ 664,859
Fundraising	1,111	2,373
Total Contributed Nonfinancial Assets	$ 651,559	$ 667,232

A total of $155,113 of contributed capital assets have been included in the Organization's property and equipment and intangible assets. Specifically, $109,440 of equipment and $45,673 of website improvements and videos were donated during the year ended December 31, 2025.

A total of $93,753 of contributed capital assets have been included in the Organization's property and equipment and intangible assets. Specifically, $5,115 of research equipment and $88,639 of website improvements and videos were donated during the year ended December 31, 2024.

11. Lease Commitments

The Organization follows FASB ASC 842 for leases. The Organization has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Organization has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

11. Lease Commitments (Continued)

Operating Lease:

The Organization leases office space in Bozeman, Montana under an operating lease that was amended during 2024, which requires monthly payments of $7,792 including utilities, through July 1, 2027. The discount rate used to calculate the lease liability was 4.58%.

The Organization also leases space in Svalbard, Norway under an operating lease that commenced in 2024, which requires monthly payments of $3,285, through December 31, 2027. The discount rate used to calculate the lease liability was 4.01%.

For the year ended December 31, 2025 total lease cost was $138,503 and total cash paid was 133,426. For the year ended December 31, 2024, total lease cost was $91,950 and total cash paid was $91,738. As of December 31, 2025 and 2024, the weighted-average remaining lease term and rate for operating leases is 1.51 and 2.51 years, and 4.37% and 4.39%, respectively.

Finance Lease:

The Organization leased a copier under a finance lease that required monthly payments of $245, through February 29, 2024. The discount rate used to calculate the lease liability was 5%.

In July 2024, the Organization entered into an additional copier lease that requires monthly payments of $256 through September 2029. The discount rate used to calculate the lease liability was 4.44%. For the year ended December 31, 2025, total amortization on the right-of-use asset was $2,499 and total interest expense was $520 for the financing lease. For the year ended December 31, 2024, total amortization on the right-of-use asset was $1,202, and total interest expense was $301 for the financing lease.

As of December 31, 2025 and 2024, respectively, the weighted-average remaining lease term and rate for financing leases is 3.75 and 4.75 years, and 4.44% and 4.75%, respectively. The following is a schedule of the future minimum lease payments due under the leases as of December 31, 2025:

Year Ending December 31, 2025	**Operating**	**Finance**
2026	$ 142,467	$ 3,072
2027	93,846	3,072
2028	-	3,072
2029	-	2,304
	236,313	11,520
Less: Imputed interest	(8,952)	(1,175)
Less: Current portion	(135,442)	(2,667)
Operating/Financing Lease Liabilities, Long-Term Portion	$ 91,919	$ 7,678

12. Retirement Plan

The Organization provides retirement benefits to its employees through a SIMPLE IRA plan. The Organization also sponsors a Canadian Common Good Plan for eligible participants. The Organization matches participant contributions for both plans up to 3% of the individual participant's compensation, up to limitations, if any, set forth by each country's respective Government. Contributions to the Plans during the years ended December 31, 2025 and 2024 totaled $53,330 and $46,905, respectively.

13. Related Parties

The Organization receives substantial support from its Board Members and Board Member affiliated organizations to facilitate its program and mission objectives. The support is received in the form of contributions, both with donor restrictions and without donor restrictions, and sponsorships.

Total Board Member contributions, both with and without donor restrictions, were $178,264 and $157,332 for the years ended December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024, contributions from the Advisory Board totaled $379,577 and $72,853, respectively.

During the years ended December 31, 2025 and 2024, the Organization paid professional fees for services to a business of a Board Member in the amount of $13,015 and $11,856, respectively.

14. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 6, 2026, the date the consolidated financial statements were issued.

Subsequent to year-end, the Board of Directors of Polar Bears International (U.S. Entity) approved the establishment of a Board designated Quasi Endowment Fund (the "Fund") with Canadian Imperial Bank of Commerce (CIBC) in the amount of $1,000,000 USD.

As a quasi-endowment, the Fund is established with net assets without donor restrictions to be retained and invested for long-term support of the Organization. The Fund is subject to specific spending-related directions, distributions, and restrictions explicitly imposed and managed by the Board of Directors. Because these restrictions stem from internal governance rather than donor stipulations, the principal and any accumulated earnings remain classified as net assets without donor restrictions—Board designated, and may be modified or repurposed at the discretion of the Board.

Supplemental Information

Polar Bears International

Consolidating Schedule of Financial Position
As of December 31, 2025

ASSETS

	Polar Bears International	Polar Bears International (Canada) Inc.	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 2,525,109	$ 116,768	$ -	$ 2,641,877
Investments	215,418	116,082	-	331,500
Accounts receivable	8,939	34,313	-	43,252
Contributions receivable	117,261	18,346	-	135,607
Inventory	33,140	-	-	33,140
Prepaid expenses	112,285	22,484	-	134,769
Right-of-use assets - operating	220,220	-	-	220,220
Right-of-use asset - finance	10,345	-	-	10,345
Total current assets	3,242,717	307,993	-	3,550,710
Property, Plant, and Equipment, net	194,566	3,079,935	-	3,274,501
NONCURRENT ASSETS				
Security deposits	787	-	-	787
Intangible assets, net	31,004	310,096	-	341,100
Total noncurrent assets	31,791	310,096	-	341,887
Total Assets	$ 3,469,074	$ 3,698,024	$ -	$ 7,167,098

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Note payable	$ -	$ 30,200	$ -	$ 30,200
Accounts payable and accrued liabilities	202,075	125,042	-	327,117
Refundable advances	-	9,340	-	9,340
Lease liabilities - operating	135,442	-	-	135,442
Lease liability - finance	2,667	-	-	2,667
Total current liabilities	340,184	164,582	-	504,766
LONG-TERM LIABILITIES				
Lease liabilities - operating, net	91,919	-	-	91,919
Lease liability - finance, net	7,678	-	-	7,678
Total long-term liabilities	99,597	-	-	99,597
Total liabilities	439,781	164,582	-	604,363
NET ASSETS				
Without donor restrictions	2,343,074	3,489,741	-	5,832,815
With donor restrictions	686,219	43,701	-	729,920
Total net assets	3,029,293	3,533,442	-	6,562,735
Total Liabilities and Net Assets	$ 3,469,074	$ 3,698,024	$ -	$ 7,167,098

Polar Bears International

Consolidating Schedule of Activities and Change in Net Assets
For the Year Ended December 31, 2025

	Polar Bears International			Polar Bears International (Canada) Inc.				
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
SUPPORT AND REVENUE								
Contributions	$ 4,327,029	$ 633,484	$ 4,960,513	$ 1,914,077	$ 70,836	$ 1,984,913	$ (1,142,298)	$ 5,803,128
Contributed nonfinancial assets	368,965	-	368,965	437,708	-	437,708	-	806,673
Grants	-	600,934	600,934	-	-	-	-	600,934
Net investment return	28,543	-	28,543	7,173	-	7,173	-	35,716
Program registration fees	29,750	-	29,750	-	-	-	-	29,750
Other revenue	80,932	-	80,932	3,393	-	3,393	-	84,325
Net assets released from donor restrictions	2,108,908	(2,108,908)	-	324,095	(324,095)	-	-	-
Total support and revenue	6,944,127	(874,490)	6,069,637	2,686,446	(253,259)	2,433,187	(1,142,298)	7,360,526
EXPENSES								
Program Services:								
Program Services	4,253,609	-	4,253,609	2,646,284	-	2,646,284	(1,142,298)	5,757,595
Supporting Services:								
General and Administrative	386,407	-	386,407	239,086	-	239,086	-	625,493
Fundraising	606,152	-	606,152	58,269	-	58,269	-	664,421
Total supporting services	992,559	-	992,559	297,355	-	297,355	-	1,289,914
Total expenses	5,246,168	-	5,246,168	2,943,639	-	2,943,639	(1,142,298)	7,047,509
Change in net assets before other item	1,697,959	(874,490)	823,469	(257,193)	(253,259)	(510,452)	-	313,017
OTHER ITEM								
Foreign currency (loss) gain	(2,645)	-	(2,645)	23,580	-	23,580	-	20,935
Total other item	(2,645)	-	(2,645)	23,580	-	23,580	-	20,935
Change in net assets	1,695,314	(874,490)	820,824	(233,613)	(253,259)	(486,872)	-	333,952
Net assets begining of year	647,760	1,560,709	2,208,469	3,723,354	296,960	4,020,314	-	6,228,783
Net Assets End of Year	$ 2,343,074	$ 686,219	$ 3,029,293	$ 3,489,741	$ 43,701	$ 3,533,442	$ -	$ 6,562,735