Rare and Affiliates

Consolidated Financial Statements
September 30, 2024

Contents

RSM US LLP

Independent Auditor's Report

Board of Trustees
Rare

Opinion
We have audited the consolidated financial statements of Rare and Affiliates (Rare), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rare as of September 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of The Meloy Fund I, L.P. (the Fund), whose statements reflect total assets constituting 42% of total consolidated assets at September 30, 2024, and total support and revenue constituting 6% of consolidated total support and revenue for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fund, is based solely on the report of the other auditors.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Rare 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 Rare's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rare'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 Rare'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.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated September 2, 2025, on our consideration of Rare's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rare's internal control over financial reporting and compliance.

RSM US LLP

Washington, D.C.
September 2, 2025

Rare and Affiliates

Consolidated Balance Sheets
September 30, 2024 and 2023

	2024	2023
Assets		
Operating assets:		
Cash and cash equivalents	**$ 7,241,871**	$ 9,796,745
Grants and contributions receivable, net	**13,808,483**	17,033,866
Prepaid expenses and other assets	**591,839**	667,288
Investments	**10,307,685**	9,023,202
Assets held for deferred compensation	**1,664,962**	1,344,193
Right-of-use—office and equipment lease, net	**1,449,784**	2,629,425
Total operating assets	**35,064,624**	40,494,719
Portfolio assets—Meloy Fund I, L.P. (Notes 1 and 3):		
Cash and cash equivalents	**533,318**	1,215,177
Other assets	**89,361**	472,903
Investment in privately held securities, at fair value (cost 2024—$16,660,576; 2023—$14,720,903)	**25,040,247**	21,687,633
Total portfolio assets	**25,662,926**	23,375,713
Total assets	**$ 60,727,550**	$ 63,870,432
Liabilities and Net Assets		
Operating liabilities:		
Accounts payable and accrued expenses	**$ 3,825,354**	$ 4,066,518
Refundable advances	**3,818,759**	5,027,332
Lease liabilities, net	**1,750,077**	3,062,972
Deferred compensation liabilities	**1,664,962**	1,344,193
Total operating liabilities	**11,059,152**	13,501,015
Portfolio liabilities—Meloy Fund I, L.P. (Notes 1 and 3):		
Accounts payable and accrued expenses	**189,932**	265,750
Capital paid in advance	**155,610**	772,865
Total portfolio liabilities	**345,542**	1,038,615
Total liabilities	**11,404,694**	14,539,630
Commitments and contingencies (Notes 10 and 12)		
Net assets:		
Without donor restrictions:		
Undesignated	**525,627**	891,683
Designated by the board of trustees	**10,478,641**	9,408,931
Total Rare net assets without donor restrictions	**11,004,268**	10,300,614
Noncontrolling interest in Meloy Fund I, L.P. (Note 3)	**25,292,882**	22,304,220
Total net assets without donor restrictions	**36,297,150**	32,604,834
With donor restrictions	**13,025,706**	16,725,968
Total net assets	**49,322,856**	49,330,802
Total liabilities and net assets	**$ 60,727,550**	$ 63,870,432

See notes to consolidated financial statements.

Rare and Affiliates

Consolidated Statements of Activities
Years Ended September 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue:						
Grants and contributions	**$ 5,699,670**	**$ 26,667,826**	**$ 32,367,496**	$ 1,628,584	$ 27,095,607	$ 28,724,191
Program service revenue	**510,070**	**-**	**510,070**	399,709	-	399,709
Contributions of nonfinancial assets	**90,168**	**-**	**90,168**	1,127,347	-	1,127,347
Other income	**-**	**-**	**-**	21,204	-	21,204
Net assets released from purpose restrictions	**24,968,088**	**(24,968,088)**	**-**	21,420,710	(21,420,710)	-
Net assets released from time restrictions	**5,400,000**	**(5,400,000)**	**-**	5,260,000	(5,260,000)	-
Total operating support and revenue	**36,667,996**	**(3,700,262)**	**32,967,734**	29,857,554	414,897	30,272,451
Operating expenses:						
Sustainable fisheries and agriculture	**14,223,398**	**-**	**14,223,398**	10,762,968	-	10,762,968
Behavioral science and research	**12,193,229**	**-**	**12,193,229**	12,392,561	-	12,392,561
Conservation finance	**5,426,083**	**-**	**5,426,083**	4,849,236	-	4,849,236
Administrative	**3,640,730**	**-**	**3,640,730**	3,368,408	-	3,368,408
Fundraising	**3,255,535**	**-**	**3,255,535**	2,884,350	-	2,884,350
Total operating expenses	**38,738,975**	**-**	**38,738,975**	34,257,523	-	34,257,523
Other income:						
Rental income	**279,787**	**-**	**279,787**	105,368	-	105,368
Investment income	**1,217,091**	**-**	**1,217,091**	637,584	-	637,584
	1,496,878	**-**	**1,496,878**	742,952	-	742,952
Gain on insurance claim	**-**	**-**	**-**	1,000,000	-	1,000,000
Contingent loss	**-**	**-**	**-**	(235,716)	-	(235,716)
Changes in net assets before noncontrolling interest	**(574,101)**	**(3,700,262)**	**(4,274,363)**	(2,892,733)	414,897	(2,477,836)
Meloy Fund, I L.P.:						
Portfolio interest	**777,309**	**-**	**777,309**	415,621	-	415,621
Realized loss on privately held security	**(86,689)**	**-**	**(86,689)**	(13,158)	-	(13,158)
Change in unrealized gain on privately held securities	**1,412,941**	**-**	**1,412,941**	3,767,684	-	3,767,684
	2,103,561	**-**	**2,103,561**	4,170,147	-	4,170,147
Changes in net assets before contributions by limited partners	**1,529,460**	**(3,700,262)**	**(2,170,802)**	1,277,414	414,897	1,692,311
Contributions by limited partners	**2,162,856**	**-**	**2,162,856**	6,687,572	-	6,687,572
Change in net assets	**3,692,316**	**(3,700,262)**	**(7,946)**	7,964,986	414,897	8,379,883
Net assets:						
Beginning	**32,604,834**	**16,725,968**	**49,330,802**	24,639,848	16,311,071	40,950,919
Ending	**$ 36,297,150**	**$ 13,025,706**	**$ 49,322,856**	$ 32,604,834	$ 16,725,968	$ 49,330,802

See notes to consolidated financial statements.

Rare and Affiliates

Consolidated Statement of Functional Expenses
Year Ended September 30, 2024

	Program Services				Supporting Services		
	Sustainable Fisheries and Agriculture	Conservation Finance	Behavioral Science and Research	Total Program Services	Administrative	Fundraising	Total
Salaries and benefits	$ 7,952,530	$ 2,476,676	$ 7,755,259	$ 18,184,465	$ 2,267,352	$ 2,585,084	$ 23,036,901
Consulting and professional fees	2,048,424	2,542,025	3,059,849	7,650,298	692,731	360,997	8,704,026
Travel and meetings	2,019,717	96,166	562,976	2,678,859	158,575	116,119	2,953,553
Subgrants and awards	1,302,473	84,715	121,761	1,508,949	-	-	1,508,949
Occupancy costs	383,865	151,281	483,267	1,018,413	230,607	140,550	1,389,570
Supplies	208,710	1,091	107,087	316,888	12,337	3,433	332,658
Professional development	17,440	2,440	24,563	44,443	26,716	14,455	85,614
Equipment and materials	185,192	9,835	36,577	231,604	33,630	8,973	274,207
Communications	55,582	3,606	9,876	69,064	56,755	4,509	130,328
Depreciation and amortization	-	-	-	-	11,055	-	11,055
Postage and printing	20,576	507	5,063	26,146	10,462	6,607	43,215
Bank and other fees	27,716	9,405	25,072	62,193	95,551	14,808	172,552
Insurance	1,173	48,336	1,879	51,388	44,959	-	96,347
Total	$ 14,223,398	$ 5,426,083	$ 12,193,229	$ 31,842,710	$ 3,640,730	$ 3,255,535	$ 38,738,975

See notes to consolidated financial statements.

Rare and Affiliates

Consolidated Statement of Functional Expenses
Year Ended September 30, 2023

	Program Services				Supporting Services		
	Sustainable Fisheries and Agriculture	Conservation Finance	Behavioral Science and Research	Total Program Services	Administrative	Fundraising	Total
Salaries and benefits	$ 6,688,447	$ 2,378,327	$ 7,418,652	$ 16,485,426	$ 2,155,439	$ 2,341,481	$ 20,982,346
Consulting and professional fees	2,220,446	2,131,683	3,730,101	8,082,230	739,610	252,565	9,074,405
Travel and meetings	1,097,790	87,858	407,854	1,593,502	30,913	74,573	1,698,988
Subgrants and awards	167,358	10,204	147,698	325,260	-	-	325,260
Occupancy costs	340,381	137,457	527,950	1,005,788	218,151	179,393	1,403,332
Supplies	49,942	7,921	43,495	101,358	11,881	2,155	115,394
Professional development	20,063	5,124	16,320	41,507	4,395	13,741	59,643
Equipment and materials	91,966	10,349	52,056	154,371	40,733	11,101	206,205
Communications	43,598	4,030	8,587	56,215	36,126	5,051	97,392
Depreciation and amortization	-	-	-	-	26,824	-	26,824
Postage and printing	13,210	294	9,928	23,432	10,257	2,278	35,967
Bank and other fees	28,650	9,709	22,031	60,390	30,146	2,012	92,548
Insurance	1,117	66,280	7,889	75,286	63,933	-	139,219
Total	$ 10,762,968	$ 4,849,236	$ 12,392,561	$ 28,004,765	$ 3,368,408	$ 2,884,350	$ 34,257,523

See notes to consolidated financial statements.

Rare and Affiliates

Consolidated Statements of Cash Flows
Years Ended September 30, 2024 and 2023

		2024		2023
Cash flows from operating activities:				
Change in net assets before contributions by limited partners	**$**	**(2,170,802)**	$	1,692,311
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation and amortization		**11,055**		26,824
Increase in the allowance for doubtful accounts		**234,599**		4,083
(Decrease) increase in discount on pledges		**(194,382)**		484,956
Net realized and unrealized (gains) losses		**(563,606)**		(122,202)
Amortization of right-of-use office and equipment lease		**1,168,586**		(472,233)
Change in unrealized gain on privately held securities		**(1,412,941)**		(3,767,684)
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Grants and contributions receivable, net		**3,185,166**		(1,931,204)
Asset held for deferred compensation		**(320,769)**		
Prepaid expenses and other assets		**75,449**		355,367
Program related investment loan		**-**		228,619
Increase (decrease) in:				
Accounts payable and accrued expenses		**(241,164)**		536,513
Refundable advances		**(1,208,573)**		593,805
Lease liabilities		**(1,312,895)**		
Deferred compensation liabilities		**320,769**		31,040
Net cash used in operating activities		**(2,429,508)**		(2,339,805)
Cash flows from investing activities:				
Purchase of investments		**(4,152,253)**		(812,809)
Proceeds from sale of investments		**3,526,441**		866,324
Purchase of property and equipment		**-**		-
Purchases of privately held securities		**(2,298,918)**		(4,501,998)
Net cash used in investing activities		**(2,924,730)**		(4,448,483)
Cash flows from financing activities:				
Changes in operating assets and liabilities for Meloy Fund I, L.P.		**299,348**		(546,247)
Principal repayments related to privately held securities		**272,556**		467,624
Contribution from limited partners		**2,162,856**		6,687,572
Capital contributions received in advance		**(617,255)**		(1,873,672)
Draw on line of credit		**746,000**		-
Repayments on line of credit		**(746,000)**		(1,000,000)
Net cash provided by financing activities		**2,117,505**		3,735,277
Net decrease in cash and cash equivalents		**(3,236,733)**		(3,053,011)
Cash and cash equivalents:				
Beginning		**11,011,922**		14,064,933
Ending	**$**	**7,775,189**	$	11,011,922
Cash and cash equivalents—operating	**$**	**7,241,871**	$	9,796,745
Cash and cash equivalents—portfolio		**533,318**		1,215,177
	$	**7,775,189**	$	11,011,922

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Rare and Affiliates (Rare) consists of Rare, a nonprofit conservation organization that is solution-oriented, and committed to inspiring change so people and nature thrive. Rare is incorporated under the laws of the state of Virginia and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), and a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi).

Rare has offices in the United States of America, Brazil, China, Philippines, Mozambique, Indonesia, Colombia, Germany, Honduras and Mexico.

Rare is a global leader in driving social change to protect the environment. Rare has helped thousands of people across hundreds of communities in over 60 countries shift their behaviors and practices to protect the nature that sustains their lives, livelihoods and communities.

Rare inspires change so people and nature thrive. Using insights from behavioral and social science and design thinking, Rare empowers shifts in individual and community behavior that benefit people and nature. Rare trains local leaders to lead change, leaving a legacy of increased capacity and a sense of ownership, responsibility and pride in the protection of our shared environment.

Today, Rare is merging decades of experience from the frontlines of conservation, strong global partnerships and expertise in translating behavioral research into action to build the social, ecological and political networks to scale our impact across regions, nations and the world.

Unique Impact, LLC (the Management Company) (formerly Rare Ventures, LLC), Meloy Fund I, G.P., LLC (the General Partner) and Meloy Fund I, L.P. (the Fund): The Management Company, a Delaware limited liability company, was formed in 2010 as a wholly owned subsidiary of Rare, to manage for-profit affiliated entities whose purpose is consistent with Rare's charitable purpose.

The General Partner, a Delaware limited liability company, was formed in 2017 as a wholly owned subsidiary of Rare, to serve as the General Partner of the Fund. Under the management agreement, the General Partner utilizes Rare's expertise in the development, support and management of marine common pool resources and sustainable fisheries, to provide management services to the Fund. For the purposes of financial reporting, the General Partner, the Fund and the Management Company are consolidated with Rare.

During 2017, Rare authorized the formation of the Fund, a Delaware limited partnership. The Fund was formed to generate measurable social and environmental outcomes, and to provide financial returns for investors by making debt and equity investments in fishing and fisheries-related enterprises that have operations in Indonesia and the Philippines. The Fund has been capitalized by limited partners contributing $22,100,000.

A summary of Rare's significant accounting policies follows:

Principles of consolidation: All transactions between Rare, the Management Company, the General Partner and the Fund, have been eliminated in consolidation. For the purpose of this report, the entities are collectively referred to as Rare.

Basis of presentation: The consolidated financial statement presentation follows the recommendation of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under this ASC, Rare is required to report information regarding its financial position and activities according to the two classes of net assets, net assets without donor restrictions and with donor restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Net assets: Net assets without donor restrictions consists of net assets that are available for general purpose activities of Rare. Contributions are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions.

The Board of Trustees has designated a portion the net assets without donor restrictions, the Board Designated Fund (BDF), as a reserve for contingencies or, for use during exigent circumstances. Earnings from the BDF are reinvested. The BDF totaled $10,478,641 and $9,408,931 at September 30, 2024 and 2023, respectively.

Net assets with donor restrictions consist of net assets whose use is subject to donor-imposed restrictions that expire by the passage of time or through specific actions of Rare. The time and purpose restrictions require that resources be used for specific purposes and/or in a specific period or after a specified date. Net assets with donor restrictions become net assets without donor restrictions when the time restrictions expire, or when the funds are used for their restricted purposes, at which time they are reported in the consolidated statements of activities as net assets released from restrictions. There are no permanently restricted net assets.

Although portfolio assets are shown on the consolidated balance sheets as part of net assets without donor restrictions, these funds are not the property of and cannot be used by Rare.

Cash and cash equivalents: Rare considers all cash and highly liquid investments with initial maturities of three months or less, and which presents insignificant risk of change in value, to be cash and cash equivalents. As of September 30, 2024 and 2023, this balance included cash and short-term certificates of deposit.

Foreign operations: The accompanying consolidated financial statements include the worldwide operations of Rare and other entities owned and/or controlled by Rare. At September 30, 2024 and 2023, assets held in non-U.S. countries totaled $640,306 and $537,586, respectively.

Financial and credit risk: Rare maintains its cash in bank accounts which, at times, may exceed insured limits. Rare has not experienced any losses in such accounts. Management considers the financial risk exposure on cash to be minimal.

Rare receives funding under grants and contracts from the U.S. government and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions which must be met through incurring qualifying expenses for particular programs. Such grants are considered conditional contributions due to these imposed barriers and right of return or release and are recorded as revenue without donor restrictions to the extent that related conditions are met.

Rare’s contract services that fall within the scope of ASC 606 are included in grants and contributions revenue on the consolidated statements of activities. Rare allocates the transaction fee to the performance obligations and recognizes the revenue when each performance obligation is met. Current contracts include services to develop programs, manuals, feasibility studies and training materials.

For the years ended September 30, 2024 and 2023, $883,131 and $208,473, respectively, was recognized as exchange revenue from contract services.. Revenue is recognized over the period the services are provided in an amount that reflects the consideration Rare is entitled to in exchange for those services. Typically, services are billed monthly based on either a contracted fixed fee schedule or actual expense incurred.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Rare records deferred revenue when amounts are invoiced or received, but the performance obligation is not met. Such revenue is recognized when the performance obligation is subsequently met. Rare had deferred revenue related to program services of $173,402 and $247,371 as of September 30, 2024 and 2023, respectively.

Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers.

Grants, contributions and contributions receivable: Grants and contributions are recognized as revenue and receivables in the year unconditional promises to give are received. Grants and contributions receivable that will not be collected within one year are discounted at a rate commensurate with the risks involved at the time the gift was promised, based upon anticipated payment dates. Conditional promises to give are not reported as revenue until the conditions are substantially met.

Unconditional contributions are recorded in the period received as with or without donor restrictions. Unconditional contributions that are received with donor restrictions are reported as an increase in net assets with donor restrictions until the restriction expires and are then reclassified to net assets without donor restrictions. Conditional contributions are not recorded as support until the condition(s) have been substantially met.

Contributions of nonfinancial assets: Contributions of nonfinancial assets consist of services and are recognized when they are received if the services either: (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not donated. Contributed nonfinancial assets are recognized at fair value per the contracts with Rare partners.

Grant receivables: Receivables are carried at original invoice amounts, less an estimated allowance for doubtful accounts. Credit is generally extended on a short-term basis; thus, accounts receivables do not bear interest.

Management makes estimates for doubtful accounts from grants and contracts. As such, the provision for doubtful accounts was $430,972 and $196,373 at September 30, 2024 and 2023, respectively.

Other receivables: Receivables related to contract service fees are carried at original invoice amount, less an allowance for credit losses.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Credit losses: Rare adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments Credit Losses*, on October 1, 2023, as further described within the section below titled recently adopted accounting pronouncements. The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include billed and unbilled receivables as well as contract assets. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. supportable forecasts. Management recorded an allowance $4,103 at September 30, 2024, based on management's evaluation of the collectability of receivables.

Investments: Investments consist primarily of mutual funds and fixed income securities carried at fair value, based on quoted market prices, as described in Note 2. To adjust the carrying value of these investments, the change in fair value is recorded as a component of investment income on the consolidated statements of activities.

Allowable investments are specified in Rare's investment policy. These investments are exposed to various risks, such as interest rate, market and credit worthiness. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is possible that changes in carrying values could materially affect investment balances and amounts reported in the consolidated financial statements.

The Meloy Fund I, L.P. invests in privately held debt and equity securities. Securities for which no public market exists are valued at fair value. The fair value is generally cost until events indicate that cost is no longer the best measure of fair value. The inherent uncertainty in the process of valuing securities for which a ready market does not exist may cause the estimated values of these securities to differ significantly from the values that would have been derived had a ready market existed, and those differences could be material. As of September 30, 2024, the change in unrealized gain was $1,412,941 and realized loss was $(86,689). As of September 30, 2023, the change in unrealized gain was $3,767,684 and realized loss was $(13,158).

Property and equipment: Property and equipment with a unit cost greater than $5,000 is initially recorded at cost and, thereafter, depreciated on a straight-line basis over the estimated useful lives of the related depreciable assets, generally three to 10 years. The cost of maintenance and repairs is recorded as an expense.

Subgrants and awards: Rare recognizes expenses for subgrants and awards at the time the subgrantee meets the conditions of the grant agreement and submits a request for payment. Conditions of a grant agreement include program milestones and documented expenses.

Refundable advances: Represents cash received on grants and contributions for which some condition was not yet met. Conditions of a grant or contribution may include future funds availability, matching funding or the completion of project tasks and related expenditures.

Use of estimates: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Foreign currency transactions: The functional currency of Rare is the U.S. Dollar. The consolidated financial statements and transactions of Rare's non-U.S. country operations are maintained in the local currency.

Foreign currency translation: Where local currencies are used, assets and liabilities are translated into U.S. Dollars at the consolidated balance sheet dates, at the exchange rate in effect at the fiscal year-end. Gains and losses resulting from these translations are recognized on the consolidated statements of activities. Monthly expenses that are incurred by field offices in foreign countries are paid in local currency and then translated into U.S. Dollars at the rate of exchange in effect during the month of the transaction. Foreign currency translation loss for the years ended September 30, 2024 and 2023, was $71,282 and $27,340, respectively. Gains and losses from foreign currency translation are included in the bank and other fees in the consolidated statements of functional expenses.

Leases: Rare determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. Rare also considers whether its service arrangements include the right to control the use of an asset.

Rare recognizes most leases on its consolidated statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the consolidated statements of activities.

Rare made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or October 1, 2022 for existing leases upon the adoption of ASC 842, Leases). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, Rare made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842, Leases).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Rare has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The nonlease components typically represent additional services transferred to Rare, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Lease expense for operating leases is reported in occupancy costs in the accompanying consolidated statements of functional expenses. Lease expense for finance leases is reported in depreciation and amortization expense in the accompanying consolidated statements of functional expenses.

Allocation of functional expenses: The costs of providing programs and other supporting services have been summarized on a functional basis on the consolidated statements of activities. Expenses that relate directly to program or supporting services are allocated to that program or supporting service. Expenses related to subscription and travel are allocated based on the activities performed by the staff members within each area. Other expenses that require allocation such as rent, utilities and supplies are allocated based on headcount.

Capital paid in advance: Capital paid in advance consists of payments received from the Meloy Fund I, L.P. investors in advance of a capital call. The Meloy Fund I, L.P. recognizes capital paid in advance as a liability when the payment is received. Capital paid in advance funds are held by the Fund until a subsequent capital call event whereby funds held are drawn to meet the investment obligation.

Noncontrolling interest: Rare follows Accounting Standards Update (ASU) 2010-07, which provides guidance related to not-for-profit mergers and acquisitions. In addition, ASU 2010-07 provides accounting guidance on how a not-for-profit parent organization accounts for noncontrolling interests in the equity (net assets) of consolidated subsidiaries. The guidance requires: (i) noncontrolling interest to be reported as a separate component of the appropriate class of net assets in the consolidated balance sheets and (ii) a not-for-profit (parent) that has one or more consolidated subsidiaries with a noncontrolling interest shall provide a schedule of changes in consolidated net assets attributable to the parent and the noncontrolling interest, either in the notes of the consolidated financial statements, or on the face of the consolidated financial statements, if practicable. That schedule shall reconcile beginning and ending balances of the parent's controlling interest and the noncontrolling interests for each class of net assets for which a noncontrolling interest exists during the reporting period. This standard also requires that the noncontrolling interests continue to be attributed their share of losses even if that attribution results in a deficit noncontrolling interest balance. Rare is required to consolidate with the Meloy Fund I, L.P. because the Meloy Fund I, G.P. cannot be removed as the general partner with a simple majority vote by the limited partners and the Meloy Fund I, G.P. is wholly owned by Rare.

Through the Meloy Fund I, G.P., Rare has certain management responsibilities for the Meloy Fund I, L.P. but has no voting rights and no capital account partnership interest. For this reason, Rare is considered to have a noncontrolling interest in the limited partnership.

Tax-exempt status: Rare is exempt from income taxes under Section 501(c)(3) of the IRC. Rare is subject to unrelated business income taxes under Section 511 of the IRC; however, in the opinion of management, a provision for income taxes is not required.

Rare follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, Rare may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes and accounting in interim periods. As of September 30, 2024, Rare had no cumulative unrelated business taxable loss.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Management evaluated Rare's tax positions and concluded that Rare had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. Generally, Rare is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2021.

The Meloy Fund I, G.P., LLC (the General Partner) is a limited liability company, and the Fund is a limited partnership, registered in the state of Delaware. For federal tax filing purposes, the General Partner is considered a disregarded entity. The limited partners of the Fund report their respective portions of the Fund income and expense on their income tax returns.

Adopted accounting pronouncement: In June 2016, the FASB issued, ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, effective October 1, 2023. Among other provisions, this ASU requires the allowance for credit losses to reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. In November 2019, the FASB issued ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*. This ASU provides narrow-scope improvements to Topic 326. Rare adopted ASU 2016-13 and ASU 2019-11 effective October 1, 2023. These standards did not have a significant impact on the consolidated financial statements and primarily resulted in enhanced disclosures only.

Reclassifications: Certain reclassifications of amounts previously reported have been made to the consolidated statement of functional expenses to maintain consistency between periods presented. The reclassifications had no impact on the previously reported net assets.

Subsequent events: Rare has evaluated subsequent events through September 2, 2025, the date on which the consolidated financial statements were available to be issued.

Rare is obligated under operating leases for its headquarters space. The headquarters lease was to expire in November 2025, however, on December 1, 2024, Rare signed the First Amendment to the existing Deed of Lease. The amendment extends the lease term by eight years, from December 1, 2025 through November 30, 2033, and reduced the leased space in the building from 28,890 to approximately 10,420. The amendment also includes a rent abatement for the exiting period of $458,480.

Subsequent to year-end, President Trump signed several executive orders (EOs) ordering the pause or termination of federal assistance for programs that do not align with the new administration's policies. The Administration has tasked federal departments with evaluating all federal programs they administer to determine if the funding being provided falls under any of the EOs. During the year ended September 30, 2024, Rare recognized federal grants and contracts totaling $1,759,371 of which $1,759,371 were terminated at February 26, 2025, and at September 30, 2024, had outstanding federal receivables of $216,480. The terminated awards were subsequently collected. Rare has not experienced any issues with the collectability of the receivables as a result of the EOs. As of the date of this report, the full impact of President Trump's EOs on Rare's financial position and results of operations is uncertain. Management is actively monitoring the situation and assessing the potential effects on Rare's consolidated financial statements.

Note 2. Investments and Fair Value Measurements

Investments at September 30, 2024 and 2023, consist of the following:

	2024	2023
Corporate bonds	$ 2,740,388	$ 2,514,566
Equity	1,492,819	980,782
Mutual funds—fixed income	6,074,478	5,527,854
	10,307,685	9,023,202
Investments held for Meloy Fund I, L.P.	25,040,247	21,687,633
	$ 35,347,932	$ 30,710,835

Investment income for the years ended September 30, 2024 and 2023, consists of the following:

	2024	2023
Dividends and interest	$ 1,441,071	$ 940,998
Unrealized gain on privately held securities	1,412,941	3,767,684
Realized loss on privately held securities	(86,689)	(13,158)
Net realized and unrealized gain	563,606	122,202
Investment fees	(10,277)	(9,995)
	$ 3,320,652	$ 4,807,731

The ASC Topic on Fair Value Measurement establishes a framework for measuring fair value in accordance with U.S. GAAP, and expands disclosures about fair value measurements. This enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking quality and reliability of the information used to determine fair value.

The provision applies to all assets and liabilities that are being measured and reported on a fair value basis and are disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, Rare performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by Rare at September 30, 2024 and 2023.

Note 2. Investments and Fair Value Measurements (Continued)

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy at September 30, 2024 and 2023:

	2024			
Description	Total	Level 1	Level 2	Level 3
Corporate bonds	$ 2,740,388	$ -	$ 2,740,388	$ -
Equity	1,492,819	1,492,819	-	-
Mutual funds	6,074,478	6,074,478	-	-
Private held securities	25,040,247	-	-	25,040,247
	35,347,932	7,567,297	2,740,388	25,040,247
Employee benefit plan:				
Mutual funds	1,664,962	1,664,962	-	-
Total assets	$ 37,012,894	$ 9,232,259	$ 2,740,388	$ 25,040,247
Deferred compensation liabilities	$ 1,664,962	$ 1,664,962	$ -	$ -

	2023			
Description	Total	Level 1	Level 2	Level 3
Corporate bonds	$ 2,514,566	$ -	$ 4,644,463	$ -
Equity	980,782	980,783	-	-
Mutual funds	5,527,854	3,397,956	-	-
Private held securities	21,687,633	-	-	21,687,633
	30,710,835	4,378,739	4,644,463	21,687,633
Employee benefit plan:				
Mutual funds	1,344,193	1,344,193	-	-
Total assets	$ 32,055,028	$ 5,722,932	$ 4,644,463	$ 21,687,633
Deferred compensation liabilities	$ 1,344,193	$ 1,344,193	$ -	$ -

Mutual funds included in Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values.

Corporate bonds are included in Level 2 assets, as they are not actively traded. The fair values are based on quoted prices for similar assets in active markets or quoted prices for identical assets in markets that are not active.

Note 2. Investments and Fair Value Measurements (Continued)

Rare's Level 3 assets, are owned by Meloy Fund I, L.P. The following table summarizes the valuation techniques and significant unobservable inputs for the investments in securities that are categorized in Level 3 of their fair value hierarchy as of September 30, 2024 and 2023.

Investment Type	Fair Value, September 30, 2024	Valuation Technique	Unobservable Inputs	Range of Inputs
Equity securities	$ 10,570,200	Market Approach	Revenue Multiple	0.3x - 0.9x

Investment Type	Fair Value, September 30, 2023	Valuation Technique	Unobservable Inputs	Range of Inputs
Debt securities	$ 6,273,431	Amortized Cost	Cost of Debt	5% - 15%
Equity securities	4,414,255	Market Approach	Revenue Multiple	0.2x - 0.5x

These assets have been valued using unadjusted inputs that have not been internally developed by the Meloy Fund I, L.P., including third-party transactions and quotations. As a result, assets of approximately $14,470,047 and $10,999,948 as of September 30, 2024 and 2023, respectively, have been excluded from the preceding table. During the years ended September 30, 2024 and 2023, the Meloy Fund I, L.P. made purchases of Level 3 investments in debt and equity securities in the amount of $2,298,918 and $4,501,998, respectively. There were no transfers in or out of Level 3 during the years ended September 30, 2024 and 2023.

Note 3. Meloy Fund I, L.P.

Investments in privately held securities: The Meloy Fund I, L.P. makes debt and equity investments designed to catalyze the development and adoption of sustainable fisheries in related enterprises that support the recovery of coastal fisheries. In addition to providing a financial return, these debt investments are designed to have a positive impact on the lives of fishers and their households.

Management reviewed the collectability of the investment in privately held securities and increased the fiscal year 2023 bad debt allowance from $872,237 to $2,285,178 in fiscal year 2024. The fair value of the investment in privately held securities on September 30, 2024 and 2023, was $25,040,248 and $21,687,634, respectively. The balance includes $10,570,200 of equity securities.

The following is a reconciliation of the beginning and ending balances of private investments in securities measured at fair value.

	2024	2023
Balance, October 1	$ 21,687,633	$ 13,898,733
New investments	2,298,918	4,501,998
Principal repayments	(272,556)	(467,624)
Realized loss	(86,689)	(13,158)
Unrealized gain	1,412,941	3,767,684
Balance, September 30	$ 25,040,247	$ 21,687,633

Note 3. Meloy Fund I, L.P. (Continued)

Interest income on debt investments is recognized when earned. During the years ended September 30, 2024 and 2023, interest earned on debt investments was $308,607 and $415,619, respectively.

Capital paid in advance—Meloy Fund I, L.P.: The Fund received capital contributions in advance in the amount of $5,328,750 as of September 30, 2018. $180,000 was called during 2019, $582,000 during 2020, $1,620,000 during 2021, $300,213 during 2022, $1,873,672 in 2023 and $617,255 in 2024, leaving a balance of $155,610. The capital paid in advance is shown on the consolidated balance sheets as a portfolio liability of the Meloy Fund I, L.P.

Contribution by limited partners to the Meloy Fund I, L.P.: The changes in the noncontrolling partners' interests in the Fund at September 30, 2024 and 2023, are as follows:

	2024	2023
Beginning balance—noncontrolling limited partners' interest in the Meloy Fund I, L.P.	$ 22,304,220	$ 12,701,590
Capital contribution by noncontrolling limited partners	2,162,856	6,687,572
Net income attributed to noncontrolling limited partners	825,806	2,915,058
Noncontrolling limited partners' interest in the Meloy Fund I, L.P.	$ 25,292,882	$ 22,304,220

The schedule of changes in consolidated net assets without donor restrictions related to Rare and noncontrolling interest in Meloy Fund I, L.P. is as follows:

	Rare	Noncontrolling Interest	Total
Net assets without donor restrictions:			
Balance, September 30, 2022	$ 11,938,258	$ 12,701,590	$ 24,639,848
Change in net assets without donor restrictions	(1,637,644)	9,602,630	7,964,986
Balance, September 30, 2023	10,300,614	22,304,220	32,604,834
Change in net assets without donor restrictions	703,654	2,988,662	3,692,316
Balance, September 30, 2024	$ 11,004,268	$ 25,292,882	$ 36,297,150

Although the noncontrolling interest in the Meloy Fund I, L.P. is shown on the consolidated balance sheets as part of net assets without donor restrictions, these funds are designated for the Meloy Fund I, L.P., and cannot be used for Rare unrestricted expenditures.

Note 4. Property and Equipment

Property and equipment, net of accumulated depreciation, at September 30, 2024 and 2023, consists of the following:

	2024	2023
Office furniture and equipment	$ 445,973	$ 445,989
Leasehold improvements	258,515	258,514
Website	413,340	413,340
	1,117,828	1,117,843
Less accumulated depreciation and amortization	(1,115,784)	(1,104,729)
	$ 2,044	$ 13,114

Depreciation expense for the years ended September 30, 2024 and 2023, was $11,055 and $26,824, respectively.

Note 5. Grants and Contributions Receivable

As of September 30, 2024 and 2023, grants and contributions receivable are due as follows:

	2024	2023
Within one year	$ 8,697,484	$ 9,340,750
One to two years	5,925,826	8,467,726
Gross grants and contributions receivable	14,623,310	17,808,476
Less present value discount at 4.46%	(383,855)	(578,237)
Less allowance for doubtful accounts	(430,972)	(196,373)
Net grants and contributions receivable	$ 13,808,483	$ 17,033,866

Conditional grants: In addition to the above balances, Rare received conditional promises to give that have not yet been recognized as of the end of the year. Those promises were $33,570,000 and $28,767,000, as of September 30, 2024 and 2023, respectively. These amounts are not reported in the accompanying consolidated balance sheets or consolidated statements of activities because the specific conditions in the grant agreements were not yet met. Conditional pledges are recognized as revenue when the specified conditions of the grant are met, such as documented expenses or program deliverables. A refundable advance is recorded when a grantor makes a cash advance payment on a conditional pledge, and Rare has not yet met the condition.

Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at September 30, 2024 and 2023:

	2024	2023
Program restricted:		
Sustainable fisheries and agriculture	$ 5,493,456	$ 3,548,096
Behavioral science and research	829,428	2,384,193
Conservation finance	301,681	313,686
Time-restricted	6,401,141	10,479,993
	$ 13,025,706	$ 16,725,968

During the years ended September 30, 2024 and 2023, net assets with donor restrictions were released from restriction as follows:

	2024	2023
Program restricted:		
Sustainable fisheries and agriculture	$ 16,196,248	$ 10,009,254
Behavioral science and research	7,637,618	10,737,458
Conservation finance	1,134,222	673,998
Time-restricted	5,400,000	5,260,000
	$ 30,368,088	$ 26,680,710

Note 7. Board-Designated Fund

The primary investment objective of the Board Designated Fund (BDF) is capital preservation. The board of trustees reviews the performance of related investments on a quarterly basis and all investment earnings are reinvested in the BDF.

Under the terms of the investment policy, the board of trustees can allocate a portion of net assets without donor restrictions to the Board-Designated Fund (BDF). The board of trustees may also approve distributions from the BDF. As a result of the ability to distribute corpus, all contributions that are deemed board-designated are classified as net assets without donor restrictions for consolidated financial statement purposes.

Changes in the board-designated fund are as follows for the years ended September 30, 2024 and 2023:

	2024	2023
Board-designated fund, beginning of year	$ 9,408,931	$ 8,877,970
Investment income	468,545	364,905
Management account fees	(10,277)	(9,995)
Net unrealized gain	611,442	176,051
Board-designated fund, end of year	$ 10,478,641	$ 9,408,931

Note 8. Line of Credit

During January 2021, Rare and JPM entered an evergreen contract for a $3,000,000 line of credit with a variable interest rate equal to Secured Overnight Financing Rate, plus 1.35%. Investments are used as collateral for this line of credit. As of September 30, 2024 and 2023, there were no balances due on the line of credit.

Note 9. Leases

Rare leases real estate, including office space and equipment under operating lease agreements that have initial terms ranging from one to 10 years. Some leases include one or more options to renew, generally at Rare's sole discretion, with renewal terms that can extend the lease term indefinitely. In addition, certain leases contain termination options where the rights to terminate are held by either Rare, the lessor, or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that Rare will exercise that option. Rare's operating leases generally do not contain any material restrictive covenants or residual value guarantees. Operating lease cost is recognized on a straight-line basis over the lease term.

Future undiscounted cash flows for each of the next four years, and a reconciliation to the lease liabilities recognized on the consolidated balance sheets, are as follows as of September 30, 2024:

Years ending September 30:	
2025	$ 1,513,220
2026	266,541
2027	1,603
2028	-
Total lease payments	1,781,364
Less imputed interest	(31,287)
Total present value of lease liabilities	$ 1,750,077

The components of lease expense are as follows for the years ended September 30, 2024 and 2023:

	2024	2023
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	$ 1,514,432	$ 1,476,101
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	-	4,517,567
Weighted-average remaining lease term:		
Operating leases	1.19 years	3.2 years
Weighted-average discount rate:		
Operating leases	4.2%	4.2%

During the years ended September 30, 2024 and 2023, rent expense was $1,279,430 and $1,403,332, respectively. The Arlington headquarters office rent charges include standard operating expenses.

Note 10. Employee Benefit Plans

Rare sponsors a defined-contribution retirement plan under Section 401(k) of the IRC for all employees who meet certain service requirements. The plan provides for employee contributions not to exceed annual limits as determined by the Internal Revenue Service (IRS). In 2024 and 2023, Rare contributed 3% of base salary for all eligible employees, and matched employee contribution up to 4% of base salary. Employees are vested in the employer contributions after two years of service. Retirement plan expense for the years ended September 30, 2024 and 2023, was $1,136,703 and $1,055,745, respectively.

During 2003, Rare established a non-qualified deferred compensation plan, the International Retirement Savings Plan (IRSP), to cover all foreign employees who meet certain service requirements. There are no employee contributions allowed under the IRSP plan. Rare contributes 3% of compensation for all eligible employees, and increases its contribution to 7% of compensation after completion of two years of service. New participants to the plan vest over five years. At September 30, 2024 and 2023, the value of the IRSP was $1,269,468 and $1,036,819, respectively. There is a corresponding deferred compensation liability in the same amount that is included in deferred compensation liabilities on the consolidated balance sheets.

During 2011, Rare established a 457(f), non-qualified compensation plan, for certain key employees. This plan is funded annually based on an amount that is approved by the board. For the years ended September 30, 2024 and 2023, $133,011 and $104,249, respectively, was approved and funded. During 2020, one of the participants exited Rare, and the accumulated balance was forfeited. As of September 30, 2024 and 2023, the 457(f) liability amounted to $361,766 and $232,050, respectively.

Rare also established a Section 457(b) supplemental employee retirement plan (the Plan). Under the terms of the Plan, eligible employees elect to deposit a percentage of their compensation into the Plan, subject to IRS limits. Employee deposits and accumulations are accounted for as an asset and offsetting liability on Rare's consolidated balance sheets until they are distributed to the participants. The amount of deposits and related accumulations were $33,754 at September 30, 2024 and 2023. As of September 30, 2024 and 2023, the 457(b) liability amounted to $33,754 and $75,324, respectively.

The assets held for deferred compensation and the deferred compensation liabilities at September 30, 2024 and 2023, are as follows:

	2024	
	Asset	Liability
IRSP Plan	$ 1,269,442	$ 1,269,442
457(b) Plan	33,754	33,754
457(f) Plan	361,766	361,766
	$ 1,664,962	$ 1,664,962

	2023	
	Asset	Liability
IRSP Plan	$ 1,036,819	$ 1,036,819
457(b) Plan	75,324	75,324
457(f) Plan	232,050	232,050
	$ 1,344,193	$ 1,344,193

Note 11. Contributed Nonfinancial Assets

Rare reports contributions of nonfinancial assets as contribution revenue and program expense upon receipt. U.S. GAAP allows recognition of contributed services only if: (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills and are provided by individuals possessing those skills. Rare reports contributions of nonfinancial assets as restricted support if they are received with donor-imposed time or purpose restrictions. When a donor restriction expires, or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying consolidated statements of activities as net assets released from restrictions. None of the contributed nonfinancial assets received were restricted in use. All contributed nonfinancial assets are used in programmatic activities.

During the years ended September 30, 2024 and 2023, the value of contributed nonfinancial assets were related to services of $90,168 and $1,127,347, respectively. These contributed services were included in the consulting and professional fees line on the accompanying consolidated statements of functional expense.

Note 12. Contingencies

Rare participates in a number of federally assisted grant programs which are subject to financial and compliance audits by the federal government or its representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

From time to time, Rare may be subject to various legal proceedings which are incidental to the ordinary course of business. In the opinion of the management of Rare, there are no material liabilities for Rare for any of these proceedings.

Note 13. Liquidity

Rare has various sources of liquidity at its disposal, including cash and cash equivalents, investments, receivables due within one year and a line of credit. Rare strategically manages these financial resources to maximize investment return on funds not required for operations.

As of September 30, 2024 and 2023, the following assets are available to meet annual operating costs for the following fiscal year:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	$ 7,241,871	$ 9,796,745
Grants and contributions receivable, net	13,808,483	17,033,866
Investments	10,307,685	9,023,202
Total financial assets available	31,358,039	35,853,813
Less amounts not available to be used within one year:		
Refundable advances	(3,818,759)	(5,027,332)
Net assets with donor restrictions for specific programs	(6,624,565)	(6,245,975)
Net assets with donor restrictions for time over one year	(1,990,000)	-
Financial assets available to meet operating needs within one year	$ 18,924,715	$ 24,580,506

Note 13. Liquidity (Continued)

Rare's support includes restricted contributions. Because donor restrictions require resources to be used in a particular manner, or in a future period, Rare must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures. Rare regularly monitors liquidity required to meet its needs for general expenditures, liabilities and other obligations. Rare has net assets without donor restrictions that are used as reserves to fund program opportunities that are not currently in the budget, and to cover unexpected expenses. Additionally, as described in Note 8, Rare has a $3,000,000 line of credit available to draw on to meet its needs for general expenditures, liabilities and other obligations due.

RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Trustees
Rare

We have audited the consolidated financial statements of Rare and Affiliates as of and for the years ended September 30, 2024 and 2023, and have issued our report thereon, dated September 2, 2025, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Washington, D.C.
September 2, 2025

Rare and Affiliates

Consolidating Balance Sheet
September 30, 2024

	Rare	Unique Impact (Formally, Rare Ventures, LLC)	Meloy Fund I, G.P.	Meloy Fund I, L.P.	Elimination	Total
Assets						
Operating assets:						
Cash and cash equivalents	$ 6,817,997	$ 45,125	$ 378,749	$ -	$ -	$ 7,241,871
Grants and contributions receivable, net	13,698,933	33,334	76,216	-	-	13,808,483
Related party receivables	743,483	169,920	36,577	-	(949,980)	-
Prepaid expenses and other assets	591,839	-	-	-	-	591,839
Investments	10,307,685	-	-	-	-	10,307,685
Assets held for deferred compensation	1,664,962	-	-	-	-	1,664,962
Right-of-use—office and equipment lease, net	1,449,784	-	-	-	-	1,449,784
Total operating assets	35,274,683	248,379	491,542	-	(949,980)	35,064,624
Portfolio assets—Meloy Fund I, L.P.:						
Cash and cash equivalents	-	-	-	533,318	-	533,318
Other assets	-	-	-	89,361	-	89,361
Investment in privately held securities, at fair value	-	-	-	25,040,247	-	25,040,247
Total portfolio assets	-	-	-	25,662,926	-	25,662,926
Total assets	$ 35,274,683	$ 248,379	$ 491,542	$ 25,662,926	$ (949,980)	$ 60,727,550
Liabilities and Net Assets						
Operating liabilities:						
Accounts payable and accrued expenses	$ 3,764,273	$ -	$ 61,081	$ -	$ -	$ 3,825,354
Related party payables	262,946	382,512	280,020	-	(925,478)	-
Refundable advances	3,499,367	-	319,392	-	-	3,818,759
Lease liabilities, net	1,750,077	-	-	-	-	1,750,077
Deferred compensation liabilities	1,664,962	-	-	-	-	1,664,962
Total operating liabilities	10,941,625	382,512	660,493	-	(925,478)	11,059,152
Portfolio liabilities—Meloy Fund I, L.P.:						
Accounts payable and accrued expenses	-	-	-	214,434	(24,502)	189,932
Capital paid in advance	-	-	-	155,610	-	155,610
Line of credit payable	-	-	-	-	-	-
Total portfolio liabilities	-	-	-	370,044	(24,502)	345,542
Total liabilities	10,941,625	382,512	660,493	370,044	(949,980)	11,404,694
Net assets (deficit):						
Without donor restrictions:						
Undesignated	828,711	(134,133)	(168,951)	-	-	525,627
Designated by the board of trustees	10,478,641	-	-	-	-	10,478,641
Total Rare net assets without donor restrictions	11,307,352	(134,133)	(168,951)	-	-	11,004,268
Noncontrolling interest in Meloy Fund I, L.P.	-	-	-	25,292,882	-	25,292,882
Total net assets without donor restrictions	11,307,352	(134,133)	(168,951)	25,292,882	-	36,297,150
With donor restrictions	13,025,706	-	-	-	-	13,025,706
Total net assets	24,333,058	(134,133)	(168,951)	25,292,882	-	49,322,856
Total liabilities and net assets	$ 35,274,683	$ 248,379	$ 491,542	$ 25,662,926	$ (949,980)	$ 60,727,550

Rare and Affiliates

Consolidating Statement of Activities
Year Ended September 30, 2024

	Rare	Unique Impact (Formally, Rare Ventures, LLC)	Meloy Fund I, G.P.	Meloy Fund I, L.P.	Elimination	Total
Operating support and revenue:						
Grants and contributions	$ 32,367,496	$ -	$ -	$ -	$ -	$ 32,367,496
Contributions of nonfinancial assets	90,168	-	-	-	-	90,168
Program service revenue	315,119	-	194,951	-	-	510,070
Management fees and other revenue		-	419,900	-	(419,900)	-
Total operating support and revenue	32,772,783	-	614,851	-	(419,900)	32,967,734
Operating expenses:						
Sustainable fisheries and agriculture	14,223,398	-	-	-	-	14,223,398
Behavioral science and research	12,193,229	-	-	-	-	12,193,229
Conservation finance	3,691,346	45,765	831,117	1,277,755	(419,900)	5,426,083
Administrative	3,640,730	-	-	-	-	3,640,730
Fundraising	3,255,535	-	-	-	-	3,255,535
Total operating expenses	37,004,238	45,765	831,117	1,277,755	(419,900)	38,738,975
Other income:						
Rental income	279,787	-	-	-	-	279,787
Investment income	1,191,720	-	25,371	-	-	1,217,091
	1,471,507	-	25,371	-	-	1,496,878
Gain on insurance claim	-	-	-	-	-	-
Contingent loss	-	-	-	-	-	-
Changes in net assets before noncontrolling interest	(2,759,948)	(45,765)	(190,895)	(1,277,755)	-	(4,274,363)
Other:						
Meloy Fund I, L.P.:						
Portfolio interest	-	-	-	777,309	-	777,309
Realized loss on privately held security	-	-	-	(86,689)	-	(86,689)
Change in unrealized gain on privately held securities	-	-	-	1,412,941	-	1,412,941
	-	-	-	2,103,561	-	2,103,561
Changes in net assets before contributions by limited partners	(2,759,948)	(45,765)	(190,895)	825,806	-	(2,170,802)
Carried interest to General Partner	-	-	-	-	-	-
Contributions by limited partners	-	-	-	2,162,856	-	2,162,856
Change in net assets	(2,759,948)	(45,765)	(190,895)	2,988,662	-	(7,946)
Net assets (deficit):						
Beginning	27,093,006	(88,368)	21,944	22,304,220	-	49,330,802
Ending	$ 24,333,058	$ (134,133)	$ (168,951)	$ 25,292,882	$ -	$ 49,322,856

Rare and Affiliates

Rare Standalone Balance Sheets
September 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 6,817,997	$ 9,560,044
Grants and contributions receivable, net	13,698,933	16,862,216
Contracts receivable from related parties	743,483	413,151
Prepaid expenses and other assets	591,839	680,402
Investments	10,307,685	9,023,202
Assets held for deferred compensation	1,664,962	1,344,193
Right-of-use—office and equipment lease, net	1,449,784	2,616,311
Total assets	$ 35,274,683	$ 40,499,519
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 3,764,273	$ 3,979,003
Refundable advances	3,499,367	4,899,249
Related party transactions	262,946	121,096
Lease liability	1,750,077	3,062,972
Deferred compensation liabilities	1,664,962	1,344,193
Total liabilities	10,941,625	13,406,513
Net assets:		
Without donor restrictions:		
Undesignated	828,711	958,107
Designated by the board of trustees	10,478,641	9,408,931
Total net assets without donor restrictions	11,307,352	10,367,038
With donor restrictions	13,025,706	16,725,968
Total net assets	24,333,058	27,093,006
Total liabilities and net assets	$ 35,274,683	$ 40,499,519

Rare and Affiliates

Rare Standalone Statements of Activities
Years Ended September 30, 2024 and 2023

	2024	2023
Support and revenue:		
Grants and contributions	$ 32,367,496	$ 28,724,191
Contributed services and materials	90,168	1,127,347
Program service revenue	315,119	138,469
Management fees and other revenue	-	21,204
Total support and revenue	32,772,783	30,011,211
Operating expenses:		
Sustainable fisheries and agriculture	14,223,398	10,762,968
Behavioral science and research	12,193,229	12,392,561
Conservation finance	3,691,346	3,294,441
Administrative	3,640,730	3,368,408
Fundraising	3,255,535	2,884,350
Total operating expenses	37,004,238	32,702,728
Other income:		
Rental income	279,787	105,368
Investment gain	1,191,720	578,853
	1,471,507	684,221
Gain from insurance claim	-	1,000,000
Contingent loss	-	(235,716)
Change in net assets	(2,759,948)	(1,243,012)
Net assets:		
Beginning	27,093,006	28,336,018
Ending	$ 24,333,058	$ 27,093,006

Rare and Affiliates
The Swiss Confederation State Secretariat for Economic Affairs
“Fisheries Ecosystem Technical Assistance Facility”

Program Schedule of Cash Receipts and Expenditures
Year Ended September 30, 2024

Cash receipts:	
Cash received	$ 282,167
Total cash receipts	282,167
Expenditures:	
Consultants	61,436
Management fee	8,139
Total expenditures	69,575
Excess of cash receipts over expenditures	212,592
Cash balance:	
Beginning	152,988
Ending	$ 365,580