

ALLIANCE DEFENDING FREEDOM AND AFFILIATES

Consolidated Financial Statements
With Independent Auditor's Report

June 30, 2026 and 2025

ALLIANCE DEFENDING FREEDOM AND AFFILIATES

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CAPINCROUSE
A DIVISION OF Carr, Riggs & Ingram

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alliance Defending Freedom and Affiliates
Scottsdale, Arizona

Opinion

We have audited the accompanying consolidated financial statements of Alliance Defending Freedom and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alliance Defending Freedom and Affiliates as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Alliance Defending Freedom and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Alliance Defending Freedom and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Board of Directors
Alliance Defending Freedom and Affiliates
Scottsdale, Arizona

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 Alliance Defending Freedom and Affiliates' 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 Alliance Defending Freedom and Affiliates' 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 audits.

Capin Crouse LLC

Tempe, Arizona
November 9, 2026

ALLIANCE DEFENDING FREEDOM AND AFFILIATES

Consolidated Statements of Financial Position

	June 30, 2026	June 30, 2025
ASSETS:		
Cash and cash equivalents	$ 8,638,410	$ 22,106,686
Prepaid expenses and other assets	6,488,311	6,053,372
Cash designated by the Board for grants and contractual obligations	4,834,259	3,887,758
Cash designated by the Board for operating reserve	8,808,897	8,808,897
Investments	76,684,438	39,579,109
Operating lease–right-of-use assets	7,764,567	2,987,635
Property and equipment–net	41,644,356	39,365,001
Total Assets	$ 154,863,238	$ 122,788,458
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	$ 3,257,251	$ 4,287,163
Accrued expenses	5,173,159	5,059,233
Deferred membership revenue	1,330,258	1,301,751
Operating lease–right-of-use obligations	8,277,395	3,303,988
Total liabilities	18,038,063	13,952,135
Net assets:		
Net assets without donor restrictions:		
Operating	119,506,883	91,939,309
Board-designated for grants and contractual obligations	4,834,259	3,887,758
Board-designated operating reserve	8,808,897	8,808,897
	133,150,039	104,635,964
Net assets with donor restrictions	3,675,136	4,200,359
Total net assets	136,825,175	108,836,323
Total Liabilities and Net Assets	$ 154,863,238	$ 122,788,458

See notes to consolidated financial statements

ALLIANCE DEFENDING FREEDOM AND AFFILIATES

Consolidated Statements of Activities

	Year Ended June 30,					
	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	$ 143,944,865	$ 4,628,478	$ 148,573,343	$ 101,426,198	$ 10,259,361	$ 111,685,559
Contributed services	640,060	-	640,060	751,760	-	751,760
Membership revenue	2,706,796	-	2,706,796	3,207,124	-	3,207,124
Court-awarded fees	2,973,878	-	2,973,878	2,659,214	-	2,659,214
Investment and other revenue	5,415,904	434,568	5,850,472	4,860,001	215,662	5,075,663
Total Support and Revenue	155,681,503	5,063,046	160,744,549	112,904,297	10,475,023	123,379,320
NET ASSETS RELEASED:						
From purpose restrictions	5,588,269	(5,588,269)	-	11,522,886	(11,522,886)	-
EXPENSES:						
Program services:						
Legal advocacy	52,824,038	-	52,824,038	42,193,824	-	42,193,824
Allied support and training	28,776,868	-	28,776,868	26,659,465	-	26,659,465
Public education	21,647,690	-	21,647,690	17,521,289	-	17,521,289
	103,248,596	-	103,248,596	86,374,578	-	86,374,578
Supporting activities:						
General and administrative	15,659,828	-	15,659,828	12,146,010	-	12,146,010
Fundraising	13,847,273	-	13,847,273	12,820,243	-	12,820,243
	29,507,101	-	29,507,101	24,966,253	-	24,966,253
Total Expenses	132,755,697	-	132,755,697	111,340,831	-	111,340,831
Change in Net Assets	28,514,075	(525,223)	27,988,852	13,086,352	(1,047,863)	12,038,489
Net Assets, Beginning of Year	104,635,964	4,200,359	108,836,323	91,549,612	5,248,222	96,797,834
Net Assets, End of Year	$ 133,150,039	$ 3,675,136	$ 136,825,175	$ 104,635,964	$ 4,200,359	$ 108,836,323

See notes to consolidated financial statements

ALLIANCE DEFENDING FREEDOM AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2026

	Program Services				Supporting Activities			
	Legal Advocacy	Allied Support and Training	Public Education	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	Total
Salaries and benefits	$ 33,265,245	$ 10,667,288	$ 8,793,928	$ 52,726,461	$ 9,395,988	$ 6,238,464	$ 15,634,452	$ 68,360,913
Direct marketing	1,422,791	423,397	5,560,400	7,406,588	439,679	3,584,163	4,023,842	11,430,430
Travel	2,823,986	3,129,726	911,959	6,865,671	375,490	526,173	901,663	7,767,334
Educational seminars	1,820,776	4,338,714	952,223	7,111,713	141,747	485,629	627,376	7,739,089
Technology and equipment	2,862,062	1,244,321	1,270,778	5,377,161	1,322,463	861,489	2,183,952	7,561,113
Occupancy	2,298,973	1,981,401	1,232,599	5,512,973	1,068,911	522,309	1,591,220	7,104,193
Professional services	2,606,903	1,056,621	718,416	4,381,940	1,058,408	445,557	1,503,965	5,885,905
Depreciation	1,648,329	917,170	627,847	3,193,346	618,905	411,881	1,030,786	4,224,132
Audio, visual, and media	681,063	1,587,741	288,917	2,557,721	51,022	107,941	158,963	2,716,684
Blackstone scholarships	-	2,476,002	-	2,476,002	-	-	-	2,476,002
Shipping and postage	145,573	46,389	907,009	1,098,971	97,150	455,867	553,017	1,651,988
Grant disbursements	1,578,210	-	-	1,578,210	-	-	-	1,578,210
Insurance	328,782	221,049	144,844	694,675	361,029	74,812	435,841	1,130,516
Public education materials	337,709	515,070	75,676	928,455	16,082	40,969	57,051	985,506
Financial services	13,240	9,831	25,256	48,327	602,749	10,156	612,905	661,232
Direct legal services	640,060	-	-	640,060	-	-	-	640,060
Communications	252,294	102,336	100,791	455,421	83,790	61,302	145,092	600,513
Office supplies	98,042	59,812	37,047	194,901	26,415	20,561	46,976	241,877
	$ 52,824,038	$ 28,776,868	$ 21,647,690	$ 103,248,596	$ 15,659,828	$ 13,847,273	$ 29,507,101	$ 132,755,697

See notes to consolidated financial statements

ALLIANCE DEFENDING FREEDOM AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services				Supporting Activities			
	Legal Advocacy	Allied Support and Training	Public Education	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	Total
Salaries and benefits	$ 28,371,900	$ 11,674,201	$ 8,102,973	$ 48,149,074	$ 7,431,677	$ 6,688,321	$ 14,119,998	$ 62,269,072
Direct marketing	921,445	699,374	4,006,643	5,627,462	329,333	2,378,709	2,708,042	8,335,504
Travel	1,947,036	3,591,961	557,049	6,096,046	232,899	568,764	801,663	6,897,709
Educational seminars	717,126	3,246,394	311,366	4,274,886	58,003	519,516	577,519	4,852,405
Technology and equipment	1,940,501	1,088,534	930,538	3,959,573	1,034,508	726,140	1,760,648	5,720,221
Occupancy	1,558,868	1,202,839	790,842	3,552,549	685,970	376,217	1,062,187	4,614,736
Professional services	2,028,839	762,395	483,396	3,274,630	811,270	512,011	1,323,281	4,597,911
Depreciation	1,230,506	893,812	536,360	2,660,678	502,694	353,637	856,331	3,517,009
Audio, visual, and media	423,997	1,346,352	277,036	2,047,385	9,337	61,158	70,495	2,117,880
Blackstone scholarships	52,000	1,302,900	-	1,354,900	-	-	-	1,354,900
Shipping and postage	68,597	67,483	1,175,748	1,311,828	122,159	312,232	434,391	1,746,219
Grant disbursements	1,443,444	-	-	1,443,444	-	-	-	1,443,444
Insurance	204,463	199,528	126,565	530,556	238,511	45,384	283,895	814,451
Public education materials	227,907	432,023	53,574	713,504	35,866	180,123	215,989	929,493
Financial services	11,650	9,867	22,754	44,271	554,361	9,283	563,644	607,915
Direct legal services	751,760	-	-	751,760	-	-	-	751,760
Communications	210,931	105,794	92,284	409,009	76,137	64,529	140,666	549,675
Office supplies	82,854	36,008	54,161	173,023	23,285	24,219	47,504	220,527
	$ 42,193,824	$ 26,659,465	$ 17,521,289	$ 86,374,578	$ 12,146,010	$ 12,820,243	$ 24,966,253	$ 111,340,831

See notes to consolidated financial statements

ALLIANCE DEFENDING FREEDOM AND AFFILIATES

Consolidated Statements of Cash Flows

	Year Ended June 30, 2026	Year Ended June 30, 2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 27,988,852	$ 12,038,489
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,224,132	3,517,009
Contributions restricted for endowment	(40,000)	(80,000)
Net realized and unrealized gains on investments	(3,841,270)	(2,297,248)
Reinvested interest and dividends	(1,504,832)	(1,213,279)
Donated investments	(12,290,984)	(1,076,719)
Loss on sale and disposal of property and equipment	815,993	244,835
Noncash change in operating leases	196,475	(84,783)
Net change in operating assets and liabilities:		
Prepaid expenses and other assets	(434,939)	(2,787,993)
Pledges receivable	-	603,090
Accounts payable	(1,029,912)	(414,123)
Accrued expenses	113,926	262,278
Deferred membership revenue	28,507	(102,311)
Net Cash Provided by Operating Activities	14,225,948	8,609,245
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(7,371,730)	(6,905,013)
Proceeds on sale of property and equipment	52,250	188,435
Proceeds on sale of investments	11,775,527	15,795,015
Purchase of investments	(31,243,770)	(9,671,193)
Net Cash Used by Investing Activities	(26,787,723)	(592,756)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for endowment	40,000	80,000
Net Cash Provided by Financing Activities	40,000	80,000
Change in Cash, Cash Equivalents, and Board-Designated Cash	(12,521,775)	8,096,489
Cash, Cash Equivalents, and Board-Designated Cash, Beginning of Year	34,803,341	26,706,852
Cash, Cash Equivalents, and Board-Designated Cash, End of Year	$ 22,281,566	$ 34,803,341

(continued)

See notes to consolidated financial statements

ALLIANCE DEFENDING FREEDOM AND AFFILIATES

Consolidated Statements of Cash Flows

(continued)

	Year Ended June 30,	
	2026	2025
CASH, CASH EQUIVALENTS, AND BOARD-DESIGNATED CASH CONSIST OF:		
Cash and cash equivalents	$ 8,638,410	$ 22,106,686
Cash designated by the Board for grants and contractual obligations	4,834,259	3,887,758
Cash designated by the Board for operating reserve	8,808,897	8,808,897
	$ 22,281,566	$ 34,803,341
NON-CASH TRANSACTIONS:		
Property and equipment obtained through accounts payable	$ -	$ 1,066,792

See notes to consolidated financial statements

ALLIANCE DEFENDING FREEDOM AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2026 and 2025

1. NATURE OF ORGANIZATIONS:

Alliance Defending Freedom was formed in 1993. Alliance Defending Freedom and Affiliates ("ADF") is a global religious legal organization that exists to advance every person's God-given right to live and speak the truth, and to keep the door open for the Gospel. ADF accomplishes this mission primarily through litigation, legislative policy, and legal training advancing free speech, religious freedom, parental rights, and the sanctity of life and marriage. As the hub of a broad alliance, ADF seeks to assist allies in the legal community, corporations, nonprofits, government, and international organizations to advance generational wins in law and public policy.

These consolidated financial statements include the activities of Alliance Defending Freedom, ADF Foundation, Alliance Defending Freedom International (ADF International), 15100, LLC, 15100 Solar, LLC, ADF Action, Alliance Defending Freedom India Trust, ADF International Belgium, ADF International Austria GmbH, ADF International Switzerland, ADF International (UK), ADF International France, and ADF International Deutschland. These entities operate collaboratively in pursuit of ADF's mission and are collectively referred to as Alliance Defending Freedom and Affiliates or ADF in these consolidated financial statements.

Alliance Defending Freedom is incorporated in the Commonwealth of Virginia. ADF Foundation was incorporated in the State of Arizona in 2005 as a separate, independent corporation. ADF International was incorporated in 2023 in the Commonwealth of Virginia as a separate, independent corporation. 15100, LLC was incorporated in 2006 to own and operate a commercial real estate property for the benefit of ADF. 15100, LLC is a single-member LLC whose member is Alliance Defending Freedom. 15100 Solar, LLC was incorporated in 2016 to own and operate a solar energy project in connection with 15100, LLC, and was merged with and into 15100, LLC on June 26, 2026. 15100 Solar, LLC was a single-member LLC whose member was 15100, LLC. Alliance Defending Freedom India Trust, ADF International Belgium, ADF International Austria GmbH, ADF International Switzerland, ADF International UK, ADF International France, and ADF International Deutschland are subject to appropriate tax filings within their respective jurisdictions.

Alliance Defending Freedom, ADF Foundation, and ADF International operate as nonprofit religious organizations under Section 501(c)(3) of the Internal Revenue Code (the "Code") and are publicly supported organizations under Sections 170(b)(1) and 509(a) of the Code. ADF Action was incorporated in the Commonwealth of Virginia in 2022 and operates as a 501(c)(4) organization under the Code. Alliance Defending Freedom, ADF Foundation, ADF International, and ADF Action are not considered private foundations under Section 509(a) of the Code. The primary source of support and revenue for ADF is contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of ADF have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of U.S. GAAP consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, 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. Estimates that are particularly susceptible to significant change in the near term are related to depreciation, valuation of contributed services, investments recorded at fair value, allocation of functional expenses, and valuation of right-of-use assets and liabilities for leases in excess of twelve months. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

Due to a combination of Board control and economic control, the entities listed in Note 1 are controlled entities of Alliance Defending Freedom for the purposes of these consolidated statements. The consolidated financial statements of ADF therefore include the financial resources and activities of these entities. All significant intercompany balances and transactions have been eliminated.

CASH AND CASH EQUIVALENTS

ADF considers all highly liquid investments with an original maturity of ninety days or less to be cash equivalents, except for cash and cash equivalent amounts included in investments as part of its overall investment portfolio strategy and cash equivalents pending reinvestment in accordance with its investment strategy. As of June 30, 2026 and 2025, ADF has cash and cash equivalents on deposit with financial institutions that exceed the federally insured balance by approximately $18,817,000 and $23,639,000, respectively, including Board-designated cash. Further, as of June 30, 2026 and 2025, ADF held cash and cash equivalents in foreign accounts approximating $1,785,000 and $2,685,000, respectively.

BOARD-DESIGNATED CASH

Board-designated cash consists of cash and cash equivalents designated by the Board for operating reserves, project grants, and liquidated damages for future contracted events.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets mainly consist of deposits for program event space and travel expenses for events taking place after year-end, software licenses, and insurance payments. Other assets consist of security deposits paid on office rental space.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments consist of cash and cash equivalents, certificates of deposit with an original maturity greater than ninety days, equities, mutual funds, and exchange-traded funds. Cash and cash equivalents included within investments are recorded at historical cost. All other investments are recorded at their estimated fair value. See Note 10 for more information. Donated securities are recorded at estimated fair value at the date of donation and thereafter carried in conformity with the stated policy.

All assets held for the endowment are recorded at fair value with unrealized gains and losses reported in the consolidated statements of activities in the year in which they occur. Donated investments are recorded at fair value at the date of donation. From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or applicable law requires ADF to retain as a fund of perpetual duration.

ADF Foundation exists to financially support Alliance Defending Freedom in achieving its objectives. The long-term success of ADF Foundation's financial support to Alliance Defending Freedom is dependent in part upon the performance of ADF Foundation's funds, including endowment funds.

ADF Foundation defines an endowment as a fund or part of such a fund that, under the terms of a donor's gift instrument, is not wholly expendable by ADF Foundation on a current basis. This does not include assets that ADF Foundation designates as a fund for its own use, or assets held by ADF Foundation that Alliance Defending Freedom designates as a fund for its own use.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost if purchased and includes improvements that significantly add to utility or extend useful lives. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is recorded, excluding land, land held for sale, and construction in process, using the straight-line method over the estimated useful lives. Depreciation ranges from 10 to 39 years for buildings and improvements, and from 3 to 10 years for furniture and equipment. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in other revenue for the period. Effective July 1, 2025, ADF changed its capitalization policy from purchases in excess of $3,000 to 5,000. Lesser amounts are expensed when incurred.

NET ASSETS

The net assets of ADF are reported in the following categories:

Net assets without donor restrictions consist of resources that are available for current operations, those resources invested in subsidiaries and/or affiliates, property and equipment, and those designated by the Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS, continued
Net assets with donor restrictions include donor-restricted contributions for specified exempt purposes, time restrictions, and unappropriated endowment income. These include donor restrictions requiring that net assets be held in perpetuity with only amounts appropriated pursuant to the spending policy available for distribution or otherwise as provided by the gift instrument.

SUPPORT AND REVENUE
Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by the donor or grantor. Contributions without donor restrictions from the general public are primarily used to fund program costs, legal projects, and case grants.

Contributed services represent contributed nonfinancial assets and are primarily comprised of services donated to ADF that they would have otherwise had to pay for and are recognized when the service is rendered. Through various programs, ADF continues to build an alliance of volunteer attorneys and future attorneys who can work within America's legal system and international bodies of law. These network attorneys work toward ADF's mission of advancing the God-given right to live and speak the truth and keeping the door open for the Gospel by advocating for free speech, religious freedom, parental rights, and the sanctity of life and marriage. Contributed services are recognized as in-kind support at their estimated fair value and are reported using current rates for similar services in their principal market. The value of these services was $400 per hour for both years ended June 30, 2026 and 2025. Approximately 1,600 and 1,879 hours were recognized for the years ended June 30, 2026 and 2025, respectively. All contributed services were utilized in the furtherance of ADF's programs.

Membership revenue consists primarily of annual fees paid by allied churches and ministries. These amounts are recorded when earned, which is ratably in the reporting period in which services are delivered. Deferred membership revenue represents a performance obligation liability and is recorded for the portion of the membership that has not yet occurred as of year-end.

Court-awarded fees represent amounts awarded to ADF by the court based upon judgements and settlements, which are recorded when earned. Rental income, which is included in investment and other revenue, is earned as the service is provided. All other revenue is recognized when earned at a point in time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

EXPENSES
Expenses are reported when costs are incurred in accordance with the accrual basis of accounting. ADF's program expenses are as follows:

LEGAL ADVOCACY: ADF is a religious legal organization that contends for truth in law, policy, and the public square by engaging in litigation and advocacy advancing free speech, religious freedom, parental rights, and the sanctity of life and marriage. Since 2011, ADF has won 20 cases at the United States Supreme Court while maintaining an 80 percent win rate overall. ADF is a global organization with 10 offices worldwide, over 100 staff attorney positions, and over 5,000 network attorneys.

ALLIED SUPPORT AND TRAINING: ADF seeks to cultivate allies across multiple professions who contend for truth in law, policy, and the public square. ADF provides training, education, events, amicus curiae opportunities, and other supportive initiatives so that ADF's mission can be multiplied through a committed community.

PUBLIC EDUCATION: As a legal advocacy organization, ADF seeks to educate the public about the importance of protecting the fundamental freedoms within its mission. This is accomplished through a variety of channels, including public speaking; digital, electronic, and print resources; social media; events; and a comprehensive website.

FUNCTIONAL ALLOCATION OF EXPENSES
The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. Accordingly, certain costs, such as salaries, have been allocated among the program services and supporting activities benefited. All expenses are reported when costs are incurred. See the expenses section above for detailed program descriptions.

The consolidated financial statements present various categories of expenses that are attributable to more than one program or supporting function. ADF performs its allocation of such expenses at the individual support department level based on time and effort expended on behalf of the supported program activities, space occupied or shared services utilized by the supported program activities, and the purpose of the content of various print and electronic communications.

RECLASSIFICATIONS
Certain reclassifications were made to prior year balances to conform with current year presentation.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects ADF's financial assets reduced by amounts not available for general use within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	June 30, 2026	June 30, 2025
Financial assets:		
Cash and cash equivalents	$ 8,638,410	$ 22,106,686
Cash designated by the Board for grants and contractual obligations	4,834,259	3,887,758
Cash designated by the Board for operating reserve	8,808,897	8,808,897
Investments	76,684,438	39,579,109
Financial assets, at year-end	98,966,004	74,382,450
Less those unavailable for general expenditure within one year, due to:		
Donor imposed restrictions:		
Donor restricted as to purpose and use	(1,333,726)	(620,000)
Donor restricted endowments- restricted by perpetuity	(1,991,404)	(1,951,404)
Board-designations:		
Funds set aside for operating reserves	(8,808,897)	(8,808,897)
Funds set aside for grants and contractual obligations	(682,745)	(78,436)
	(12,816,772)	(11,458,737)
Financial assets available within one year to meet cash needs for general expenditures	$ 86,149,232	$ 62,923,713

Alliance Defending Freedom has a Board-established objective to maintain 90 days of specified operating expenses in reserve to ensure the stability and continuance of its mission, programs, employment, and ongoing operations. Management invests cash in excess of estimated near-term requirements in various short-term investments including certificates of deposit and marketable fixed-income securities. ADF operates with a budget approved by the governing Board of Directors and anticipates funding expenditures not covered by donor-restricted resources with current resources without donor restrictions and resources without donor restrictions carried forward from prior periods. ADF expects to utilize $350,006 and $1,628,955 of net assets with donor restrictions during the years ended June 30, 2027 and 2026, respectively. Further, ADF expects to utilize $4,151,514 and $3,809,322 of the Board-designated funds for contractual obligations and grants during the years ended June 30, 2027 and 2026, respectively.

4. INVESTMENTS:

Investments consist of:

	June 30, 2026	June 30, 2025
Cash and cash equivalents held for investment purposes	$ 3,396,088	$ 555,863
Certificates of deposit	995,266	961,466
Equities	10,359,342	8,066,800
Exchange-traded funds:		
Fixed income	43,823,995	14,064,378
Equity	13,454,872	11,869,209
Mutual funds:		
Fixed income	2,699,269	2,389,038
Equity	507,875	492,617
Alternative investments	1,447,731	1,179,738
	$ 76,684,438	$ 39,579,109

Investments are held for the following purposes:

	June 30, 2026	June 30, 2025
Operations	$ 74,189,533	$ 37,436,529
Endowment	2,494,905	2,142,580
	$ 76,684,438	$ 39,579,109

Interest income and gains on investments, net of management fees, which are included in investment and other revenue on the consolidated statements of activities, consist of:

	Years Ended June 30, 2026	Years Ended June 30, 2025
Dividend and interest income	$ 2,438,470	$ 2,268,775
Net realized and unrealized gains	3,841,270	2,297,248
	$ 6,279,740	$ 4,566,023

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	June 30, 2026	June 30, 2025
Land	$ 2,000,000	$ 2,000,000
Buildings and improvements	44,111,075	40,479,616
Furniture and equipment	25,949,010	22,037,331
	72,060,085	64,516,947
Less accumulated depreciation	(30,796,534)	(28,091,239)
	41,263,551	36,425,708
Construction in process	380,805	2,939,293
	$ 41,644,356	$ 39,365,001

6. DEFERRED MEMBERSHIP REVENUE:

Deferred membership revenue represents a performance obligation liability and consists of the following:

	June 30, 2026	June 30, 2025
Deferred membership revenue, beginning of year	$ 1,301,751	$ 1,404,062
Deferred membership revenue, end of year	$ 1,330,258	$ 1,301,751

7. OPERATING LEASE—RIGHT-OF-USE ASSETS AND OBLIGATIONS:

ADF leases office space and equipment under noncancellable operating leases that expire between 2026 and 2036. The discount rate represents the risk-free discount rate using a period comparable with that of an individual lease term on the later of July 1, 2022 or the inception date of the lease. The leases require monthly payments ranging from $93 to $85,558.

	June 30, 2026	June 30, 2025
Operating lease right-of-use assets	$ 7,764,567	$ 2,987,635
Operating lease obligations	$ 8,277,395	$ 3,303,988
Operating lease costs	$ 2,370,632	$ 1,704,333
Cash paid for operating leases	$ 2,174,157	$ 1,789,116
Weighted-average discount rate	4.45%	3.17%
Weighted-average remaining lease term	7.41 years	3.89 years

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

Year Ending June 30,	
2027	$ 1,968,999
2028	1,177,562
2029	1,090,876
2030	1,033,271
2031	824,818
Thereafter	3,572,580
	9,668,106
Less imputed interest	(1,390,711)
	$ 8,277,395

8. NET ASSETS:

Board-designated net assets consist of grants and special projects that have been approved but not yet disbursed. Board-designated net assets consist of:

	June 30, 2026	June 30, 2025
Board-designated case and project grants	$ 1,235,866	$ 1,395,076
Board-designated contractual obligations	3,598,393	2,492,682
	$ 4,834,259	$ 3,887,758
Board-designated operating reserve	$ 8,808,897	$ 8,808,897

Net assets with donor restrictions consist of:

	June 30, 2026	June 30, 2025
Restricted by time or purpose:		
Parental rights	$ 1,034,971	$ -
Endowment earnings	503,501	191,176
Special projects and grants	145,260	622,556
International projects	-	1,126,285
Sanctity of Life	-	308,938
	1,683,732	2,248,955
Restricted in perpetuity	1,991,404	1,951,404
	$ 3,675,136	$ 4,200,359

9. ENDOWMENT FUNDS:

ADF Foundation's endowment consists of eight individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Directors of ADF Foundation has interpreted applicable law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, ADF Foundation retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by ADF Foundation in a manner consistent with the standard of prudence prescribed by applicable law. Accordingly, ADF Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of ADF Foundation, and (7) ADF Foundation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies: ADF Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. ADF Foundation expects its endowment assets, over time, to achieve favorable long-term returns consistent with its Investment Policy Statement. Actual returns in any given year may vary from this expectation. Investment risk is measured in terms of the total endowment fund; investment assets and allocations between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

9. ENDOWMENT FUNDS, continued:

Spending Policy: ADF Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of the prior 12 quarters through the calendar year preceding the planned distribution. In establishing this policy, ADF Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. ADF Foundation expects the current spending policy to support the long-term growth of its endowment funds. This approach is consistent with ADF Foundation's objective to preserve the purchasing power of the endowment assets while achieving additional real growth through new gifts and investment returns.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). ADF Foundation has interpreted applicable law to permit spending from underwater endowments in accordance with prudent measures required under the law. At June 30, 2026 and 2025, ADF Foundation did not have any underwater endowments.

Changes in endowment net assets with donor restrictions consist of:

	Year Ended June 30, 2026			
		With Donor Restrictions		
	Without Donor Restrictions	Restricted by Purpose and Time	Restricted by Perpetuity	Total
Endowment net assets, beginning of year	$ -	$ 191,176	$ 1,951,404	$ 2,142,580
Contributions	-	-	40,000	40,000
Investment income	-	434,568	-	434,568
Amounts appropriated for expenditure	-	(122,243)	-	(122,243)
Endowment net assets, end of year	$ -	$ 503,501	$ 1,991,404	$ 2,494,905

9. ENDOWMENT FUNDS, continued:

	Year Ended June 30, 2025			
		With Donor Restrictions		
	Without Donor Restrictions	Restricted by Purpose and Time	Restricted by Perpetuity	Total
Endowment net assets, beginning of year	$ -	$ 92,376	$ 1,871,404	$ 1,963,780
Contributions	-	-	80,000	80,000
Investment income	-	215,662	-	215,662
Amounts appropriated for expenditure	-	(116,862)	-	(116,862)
Endowment net assets, end of year	$ -	$ 191,176	$ 1,951,404	$ 2,142,580

10. FAIR VALUE MEASUREMENTS:

Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

10. FAIR VALUE MEASUREMENTS, continued:

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2026 and 2025.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Money market mutual funds, mutual funds, and exchange-traded funds: Valued at the daily closing price as reported by the fund. Mutual funds held by ADF are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily Net Asset Value and to transact at that price. The mutual funds held by ADF are deemed to be actively traded.

Certificates of deposit: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although ADF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

10. FAIR VALUE MEASUREMENTS, continued:

Assets measured at fair value on a recurring basis consist of the following:

		Fair Value Measurements Using:		
	Fair Value	Level 1	Level 2	Level 3
June 30, 2026:				
Investments held at fair value:				
Money market mutual funds	$ 437,303	$ 437,303	$ -	$ -
Equities	10,359,342	10,359,342	-	-
Exchange-traded funds	57,278,867	57,278,867	-	-
Mutual funds	4,654,875	4,654,875	-	-
Certificates of deposit	995,266	-	995,266	-
	73,725,653	$ 72,730,387	$ 995,266	$ -
Reconciling items held at cost:				
Cash and cash equivalents	2,958,785			
Total June 30, 2026 investments	$ 76,684,438			

		Fair Value Measurements Using:		
	Fair Value	Level 1	Level 2	Level 3
June 30, 2025:				
Investments held at fair value:				
Money market mutual funds	$ 298,270	$ 298,270	$ -	$ -
Equities	8,066,800	8,066,800	-	-
Exchange-traded funds	26,258,636	26,258,636	-	-
Mutual funds	3,736,344	3,736,344	-	-
Certificates of deposit	961,466	-	961,466	-
	39,321,516	$ 38,360,050	$ 961,466	$ -
Reconciling items held at cost:				
Cash and cash equivalents	257,593			
Total June 30, 2025 investments	$ 39,579,109			

10. FAIR VALUE MEASUREMENTS, continued:

CHANGES IN FAIR VALUE LEVELS

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2026 and 2025, there were no significant transfers in or out of Levels 1, 2, or 3.

11. INVESTMENT AND OTHER REVENUE:

Investment and other revenue consists of investment income and other income (loss). Investment income totals $6,279,740 and $4,566,023 for the years ended June 30, 2026 and 2025, respectively. Other income (loss) consists of rental revenue, gains and losses related to the disposal of property and equipment, and foreign currency translations. Other income (loss) totals $(429,268) and $509,640 for the years ended June 30, 2026 and 2025, respectively.

12. EMPLOYEE BENEFIT PLANS:

Alliance Defending Freedom participates in a defined contribution profit-sharing plan under Section 401(k) of the Code. All U.S.-based employees age 21 and above who have worked for at least three months are eligible to participate by making voluntary contributions up to 90% of their gross wages, subject to the IRS-established limits according to their age. Alliance Defending Freedom matches 100% of employee contributions up to 4% of eligible compensation. Employer contributions to the plan approximated $1,461,000 and $1,338,000 for the years ended June 30, 2026 and 2025, respectively.

Alliance Defending Freedom provides major medical benefits through a partially self-insured plan, which covers substantially all active full-time staff based in the U.S. The plan includes deductibles of $3,200 per individual and $6,400 per family per plan year. The stop-loss insurance covers claims in excess of $140,000 per individual, per the plan year. The amounts paid for claims approximated $4,830,000 and $3,417,000 for the years ended June 30, 2026 and 2025, respectively. Accrued claims payable are included in accrued expenses, which include incurred but not reported claim estimates of approximately $592,000 and $485,000 for the years ended June 30, 2026 and 2025, respectively.

13. ALLOCATION OF JOINT COSTS:

During the years ended June 30, 2026 and 2025, ADF incurred joint costs of $9,684,873 and $4,621,340, respectively, for informational materials and activities that include fundraising appeals. During the year ended June 30, 2026, $1,377,437 of those costs were allocated to fundraising, $700,223 to general and administrative, and $7,607,213 to program services. During the year ended June 30, 2025, $644,160 of those costs were allocated to fundraising, $346,600 to general and administrative, and $3,630,580 to program services.

14. COMMITMENTS:

ADF has contracts with various hotels and conference centers for special events to be held in future years. ADF would be liable for approximately $3,598,000 and $2,493,000, as of June 30, 2026 and 2025, respectively, related to these contracts in the event of cancellation.

15. CONCENTRATION:

During the years ended June 30, 2026 and 2025, ADF received contributions from one donor that totaled approximately $8,975,000 and $15,017,000, respectively. These gifts accounted for approximately 6% and 13%, respectively, of contributions for the years ended June 30, 2026 and 2025.

16. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, November 9, 2026, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.