

Candid

Financial Statements

December 31, 2025 and 2024

Independent Auditors' Report

The Board of Trustees Candid

Opinion

We have audited the accompanying financial statements of Candid, which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Candid as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Candid 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 Candid's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 financial statements.

In performing an audit in accordance with generally accepted 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 the 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 Candid's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant 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 Candid'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.

PKF O'Connor Davies, LLP

May 7, 2026

Candid

Statements of Financial Position

	December 31,	
	2025	2024
ASSETS		
Cash	\$ 2,879,565	\$ 2,837,665
Investments (note 4)	57,784,174	61,731,550
Grants receivable, net (note 5)	1,073,197	1,553,126
Accounts receivable, net of allowance for credit losses of \$551,425 and \$781,739	1,704,569	1,593,688
Prepaid expenses and other assets	981,711	1,001,740
Right of use assets - operating leases, net (note 9)	7,297,063	8,713,386
Property and equipment, net (note 6)	36,033,437	29,515,330
	<u>\$ 107,753,716</u>	<u>\$ 106,946,485</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,589,001	\$ 1,522,731
Deferred revenue	13,385,049	14,132,976
Lease liabilities (note 9)	9,423,901	11,265,368
Postretirement healthcare benefits (note 8)	986,822	808,857
Total Liabilities	<u>25,384,773</u>	<u>27,729,932</u>
Net Assets		
Without donor restrictions (note 10)	72,993,256	69,751,251
With donor restrictions (notes 10 and 11)	9,375,687	9,465,302
Total Net Assets	<u>82,368,943</u>	<u>79,216,553</u>
	<u>\$ 107,753,716</u>	<u>\$ 106,946,485</u>

See notes to financial statements

Candid

Statement of Activities Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Foundation and corporate contributions	\$ 1,876,267	\$ 3,549,871	\$ 5,426,138
Product revenues	32,508,121	-	32,508,121
Program service and other fees	393,309	-	393,309
Rental income	143,126	-	143,126
	<u>34,920,823</u>	<u>3,549,871</u>	<u>38,470,694</u>
Net asset released from restrictions	4,353,945	(4,353,945)	-
Total Operating Revenue	<u>39,274,768</u>	<u>(804,074)</u>	<u>38,470,694</u>
OPERATING EXPENSES			
Program Services			
Data collection and analysis	7,401,609	-	7,401,609
Products	17,692,185	-	17,692,185
Public interest and other programs	6,274,574	-	6,274,574
Total Program Services	<u>31,368,368</u>	<u>-</u>	<u>31,368,368</u>
Supporting Services			
General and administrative	8,271,432	-	8,271,432
Fundraising	1,603,971	-	1,603,971
Total Supporting Services	<u>9,875,403</u>	<u>-</u>	<u>9,875,403</u>
Total Operating Expenses	<u>41,243,771</u>	<u>-</u>	<u>41,243,771</u>
(Deficiency) of Operating Revenue Over Operating Expenses	<u>(1,969,003)</u>	<u>(804,074)</u>	<u>(2,773,077)</u>
NON-OPERATING ACTIVITIES			
Investment return (notes 4 and 11)	5,417,379	714,459	6,131,838
Postretirement changes other than net periodic benefit cost (note 8)	(206,371)	-	(206,371)
Total Non-Operating Activities	<u>5,211,008</u>	<u>714,459</u>	<u>5,925,467</u>
Change in Net Assets	3,242,005	(89,615)	3,152,390
NET ASSETS			
Beginning of year	<u>69,751,251</u>	<u>9,465,302</u>	<u>79,216,553</u>
End of year	<u>\$ 72,993,256</u>	<u>\$ 9,375,687</u>	<u>\$ 82,368,943</u>

See notes to financial statements

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Statement of Activities Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Foundation and corporate contributions	\$ 2,473,013	\$ 1,795,132	\$ 4,268,145
Product revenues	33,665,747	-	33,665,747
Program service and other fees	322,005	-	322,005
Rental income	54,840	-	54,840
	<u>36,515,605</u>	<u>1,795,132</u>	<u>38,310,737</u>
Net asset released from restrictions	3,625,801	(3,625,801)	-
Total Operating Revenue	<u>40,141,406</u>	<u>(1,830,669)</u>	<u>38,310,737</u>
OPERATING EXPENSES			
Program Services			
Data collection and analysis	5,217,855	-	5,217,855
Products	12,446,517	-	12,446,517
Public interest and other programs	5,858,645	-	5,858,645
Total Program Services	<u>23,523,017</u>	<u>-</u>	<u>23,523,017</u>
Supporting Services			
General and administrative	7,933,144	-	7,933,144
Fundraising	1,496,687	-	1,496,687
Total Supporting Services	<u>9,429,831</u>	<u>-</u>	<u>9,429,831</u>
Total Operating Expenses	<u>32,952,848</u>	<u>-</u>	<u>32,952,848</u>
Excess (Deficiency) of Operating Revenue Over Operating Expenses	<u>7,188,558</u>	<u>(1,830,669)</u>	<u>5,357,889</u>
NON-OPERATING ACTIVITIES			
Investment return (notes 4 and 11)	3,744,366	438,025	4,182,391
Postretirement changes other than net periodic benefit cost (note 8)	93,385	-	93,385
Total Non-Operating Activities	<u>3,837,751</u>	<u>438,025</u>	<u>4,275,776</u>
Change in Net Assets	11,026,309	(1,392,644)	9,633,665
NET ASSETS			
Beginning of year	<u>58,724,942</u>	<u>10,857,946</u>	<u>69,582,888</u>
End of year	<u>\$ 69,751,251</u>	<u>\$ 9,465,302</u>	<u>\$ 79,216,553</u>

See notes to financial statements

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Statement of Functional Expenses Year Ended December 31, 2025

	Program Services				General and Administrative	Fundraising	Total
	Data Collection and Analysis	Products	Public Interest and Other Programs	Total Program Services			
PERSONNEL COSTS							
Salaries and benefits	\$ 4,688,476	\$ 11,011,267	\$ 4,244,253	\$ 19,943,996	\$ 3,691,165	\$ 1,221,675	\$ 24,856,836
OTHER THAN PERSONNEL COSTS							
Advertising	-	907,269	2,553	909,822	-	1,000	910,822
Computer hardware and supplies	700,591	1,923,305	429,506	3,053,402	876,740	103,723	4,033,865
Depreciation	692,905	1,656,261	587,397	2,936,563	1,172,802	150,156	4,259,521
Equipment rental and leases	1,457	3,483	1,235	6,175	38,275	316	44,766
Insurance	35,213	84,171	30,177	149,561	59,601	7,631	216,793
Bank charges	-	-	-	-	638,219	-	638,219
Member and registration fees	24,112	86,327	94,156	204,595	140,335	8,779	353,709
Other	17,004	41,722	54,691	113,417	128,424	3,715	245,556
Printing and postage	2,009	11,175	1,787	14,971	3,933	464	19,368
Professional fees / contracted services	850,986	1,026,098	462,505	2,339,589	593,543	17,569	2,950,701
Rent and related costs	297,269	710,567	252,004	1,259,840	503,154	64,420	1,827,414
Travel and entertainment	83,149	214,098	108,479	405,726	413,599	23,032	842,357
Utilities and telephone	8,438	16,442	5,831	30,711	11,642	1,491	43,844
Total Operating Expenses	<u>\$ 7,401,609</u>	<u>\$ 17,692,185</u>	<u>\$ 6,274,574</u>	<u>\$ 31,368,368</u>	<u>\$ 8,271,432</u>	<u>\$ 1,603,971</u>	<u>\$ 41,243,771</u>

See notes to financial statements

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Statement of Functional Expenses Year Ended December 31, 2024

	Program Services				General and Administrative	Fundraising	Total
	Data Collection and Analysis	Products	Public Interest and Other Programs	Total Program Services			
PERSONNEL COSTS							
Salaries and benefits	\$ 3,135,953	\$ 7,360,407	\$ 4,118,552	\$ 14,614,912	\$ 3,474,918	\$ 1,174,117	\$ 19,263,947
OTHER THAN PERSONNEL COSTS							
Advertising	-	655,256	6,455	661,711	-	-	661,711
Computer hardware and supplies	456,103	2,018,418	337,377	2,811,898	579,114	79,666	3,470,678
Depreciation	304,869	727,226	342,309	1,374,404	582,996	87,449	2,044,849
Equipment rental and leases	1,287	3,070	1,445	5,802	39,368	369	45,539
Insurance	33,518	79,952	37,634	151,104	64,638	9,614	225,356
Bank charges	-	-	-	-	653,305	-	653,305
Bad debt expense	-	-	-	-	17,224	-	17,224
Member and registration fees	31,359	71,816	57,052	160,227	335,632	5,773	501,632
Other	17,771	48,840	37,430	104,041	206,202	5,525	315,768
Printing and postage	2,083	31,507	2,196	35,786	4,230	532	40,548
Professional fees / contracted services	840,728	421,108	446,269	1,708,105	976,850	10,868	2,695,823
Rent and related costs	296,636	707,587	333,065	1,337,288	567,251	85,087	1,989,626
Travel and entertainment	83,961	288,000	119,967	491,928	416,659	34,986	943,573
Utilities and telephone	13,587	33,330	18,894	65,811	14,757	2,701	83,269
Total Operating Expenses	<u>\$ 5,217,855</u>	<u>\$ 12,446,517</u>	<u>\$ 5,858,645</u>	<u>\$ 23,523,017</u>	<u>\$ 7,933,144</u>	<u>\$ 1,496,687</u>	<u>\$ 32,952,848</u>

See notes to financial statements

Candid

Statements of Cash Flows

	For the Years Ended December 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,152,390	\$ 9,633,665
Adjustments to reconcile change in net assets to net cash from operating activities		
Postretirement changes other than net periodic benefit cost	206,371	(93,385)
Depreciation	4,259,521	2,044,849
Amortization of right of use assets - operating leases	1,416,323	1,390,876
Change in discount on grants receivable	19,029	(49,832)
Change in allowance for credit losses	(230,314)	(47,289)
Bad debt expense	-	17,224
Unrealized and realized gain on investments	(4,072,584)	(2,298,971)
Changes in operating assets and liabilities		
Grants receivable	460,900	1,388,305
Accounts receivable	119,433	87,369
Prepaid expenses and other assets	20,029	(425,133)
Accounts payable and accrued expenses	66,270	(727,674)
Deferred revenue	(747,927)	(650,588)
Lease liabilities	(1,841,467)	(1,659,505)
Accumulated postretirement benefit obligation	(28,406)	(23,359)
Net Cash from Operating Activities	<u>2,799,568</u>	<u>8,586,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(19,158,363)	(26,031,365)
Proceeds from sale of investments	27,178,323	30,647,943
Acquisition of property and equipment	(10,777,628)	(13,866,590)
Net Cash from Investing Activities	<u>(2,757,668)</u>	<u>(9,250,012)</u>
Net Change in Cash	41,900	(663,460)
CASH		
Beginning of year	<u>2,837,665</u>	<u>3,501,125</u>
End of year	<u>\$ 2,879,565</u>	<u>\$ 2,837,665</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Accrued purchases of property and equipment	\$ -	\$ 289,579

See notes to financial statements

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Notes to Financial Statements December 31, 2025 and 2024

1. Organization and Tax Status

Candid is a not-for-profit organization exempt from United States federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization that is not a private foundation. Candid's mission is to get you the information you need to do good. Every year, millions of nonprofits spend trillions of dollars around the world. Candid finds out where that money comes from, where it goes, and why it matters. Through research, collaboration, and training, Candid connects people who want to change the world to the resources they need to do it.

Candid has offices in New York, NY, Williamsburg, VA, and Cleveland, OH.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Asset Classifications

Candid reports information regarding its financial position and activities according to two classes of net assets: without and with donor restrictions.

Without donor restrictions - Resources that are fully available at the discretion of management and the Board of Trustees (the "Board"), for use in activities within Candid's charter and mission. The Board has designated a portion of Candid's net assets for various purposes. Board-designated net assets consist of endowments within Candid's institutional funds that donors do not require to be held in perpetuity and related investment income, or asset appreciation, that have been designated by the Board for long-term investment and other purposes.

With donor restrictions - Represent amounts restricted by donors to be used for specific activities or at some future date, or which require Candid to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Income and gains earned on endowment fund investments are available to be used in the "without donor restrictions" or "with donor restrictions" net asset classes based upon stipulations by the donors.

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Notes to Financial Statements December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (*continued*)

Cash

Candid considers all liquid investments purchased with a remaining maturity of three months or less to be cash equivalents, with the exception of those money market funds which are included in investments.

Fair Value Measurements

Candid follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data.

Investments Valuation and Income Recognition

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized gains and losses on the sale of investments are computed on the average cost basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Grants Receivable

Revenue from contributions is recognized when cash or other assets are received, unconditional promises to give are made, or ownership of other assets is transferred to Candid. Unconditional promises to give are recorded at net realizable value. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Contributions received are recorded as without donor restrictions unless donor stipulations limit the use of the donated assets. When donor restrictions are present, such contributions are reported as with donor restrictions.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable represents subscription and other charges earned but not yet collected. Accounts receivables are presented net of allowances for credit losses. As of January 1, 2024, accounts receivable amounted to \$1,650,992 and deferred revenue amounted to \$14,783,564.

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Notes to Financial Statements December 31, 2025 and 2024

2. Summary of Significant Accounting Policies *(continued)*

Accounts Receivable and Allowance for Credit Losses (continued)

Interest is not accrued or recorded on outstanding receivables. Accounts receivable are stated at the amount Candid expects to collect. Candid recognizes the allowance for credit losses at inception of the receivable and reassesses at every reporting date based on the asset's expected collectability. The allowance is based on multiple factors including historical experience, the aging of such receivable and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable. Candid's allowance for credit losses is based on the assessment of the collectability of assets pooled together with similar risk characteristics. Candid records a provision for expected credit losses by using the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions.

The following table provides a roll-forward of the allowance for credit losses that is deducted from accounts receivable to present the net amount expected to be collected.

Balance as of January 1, 2024	\$ 811,804
Provisions	17,224
Recoveries	<u>(47,289)</u>
Balance as of December 31, 2024	781,739
Recoveries	<u>(230,314)</u>
Balance as of December 31, 2025	<u>\$ 551,425</u>

Operating Leases

Operating leases are included in right-of-use ("ROU") assets and lease liabilities in the accompanying statements of financial position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating leases ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The operating leases ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend the lease and when it is reasonably certain that Candid will exercise the option such amounts are included in ROU assets and lease liabilities. Lease expense is recognized on a straight-line basis over the lease term.

Candid's lease agreements do not provide an implicit borrowing rate. Candid uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Candid's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Candid has lease agreements with lease and non-lease components, which are generally accounted for separately. Variable lease components in these leases are common area maintenance, utilities, and real estate taxes and are recognized in operating expenses in the period in which the obligation is incurred.

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Notes to Financial Statements December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (*continued*)

Property and Equipment

Candid follows the practice of capitalizing all expenditures for property and equipment with a useful life greater than one year and a cost greater than \$25,000. Assets are recorded at cost or in the case of gift, at the fair value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	7 years
Capitalized software	5 years
Computer hardware	3 years

Leasehold improvements are amortized over the shorter of the remaining term of the leases or useful lives. Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to the fair value. Management concluded there were no asset impairments for the years ended December 31, 2025 and 2024.

Measure of Operations

Candid has elected to present their activities as either operating or non-operating in its statements of activities. Accordingly, items affecting operations are segregated from those not affecting operations. In addition, investment return and postretirement changes other than net periodic benefit cost are treated as non-operating.

Revenue Recognition

Candid derives its revenues from two sources: (1) subscription revenues, such as Candid's software licenses for certain databases and from customers paying for additional support beyond services in the basic subscription fees; and (2) related professional services, such as data-driven tools and trainings.

Candid recognizes revenue when a customer obtains control of promised products or services, in an amount that reflects the consideration expected to be received in exchange for those products or services. Candid follows the five-step model prescribed under ASC 606: (i) identify contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when, or as, Candid satisfies the performance obligation.

Candid accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of the consideration expected to be transferred is probable. Candid applies judgment in determining the customer's ability and intention to pay for services expected to be transferred, which is based on factors including the customer's payment history, management's ability to mitigate exposure to credit risk and experience selling to similarly situated customers. Since the transaction price is fixed and generally does not change, variable consideration is insignificant.

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Notes to Financial Statements December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Performance obligations within a contract are identified based on the products or services promised to be transferred in the contract. When a contract includes more than one promised product or service, Candid must apply judgment to determine whether the promises represent multiple performance obligations or a single, combined performance obligation. This evaluation requires Candid to determine if the promises are both capable of being distinct, where the customer can benefit from the product or service on its own or together with other resources readily available, and are distinct within the context of the contract, where the transfer of products or services is separately identifiable from other promises in the contract. When both criteria are met, each promised product or service is accounted for as a separate performance obligation.

Subscription fees and Candid's software licenses are offered to customers for a specified period of time, generally one year or more, and the fees are generally billed monthly or quarterly, in advance. Fees for licenses and the related services are recognized ratably over the contract period. Revenues from distinct licenses are generally recognized upfront when the software is made available to the customer. In cases where Candid allocates revenue to software updates and support, revenue is recognized as the updates are provided, which is generally ratably over the contract term. Candid also provides consulting and other professional services to certain customers. Revenue from professional services is recognized as the services are provided and when collectability is reasonably assured. Revenue billed in excess of the amounts recognized is recorded as deferred revenue.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Candid's program expenses include Data Collection and Analysis, Products, and Public Interest and Other Programs. Candid's supporting services expenses include general and administrative and fundraising. Expenses reported by functional categories include allocations of costs for operations and depreciation expense. Candid allocates costs among the program and supporting functions based on the total salaries per program.

Advertising

Advertising costs are expensed as incurred and totaled \$910,822 and \$661,711 in 2025 and 2024.

Accounting for Uncertainty in Income Taxes

Candid recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Candid had no uncertain tax positions that would require financial statements recognition or disclosure. Candid is no longer subject to examination by the applicable jurisdictions for periods prior to December 31, 2022.

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Notes to Financial Statements December 31, 2025 and 2024

2. Summary of Significant Accounting Policies *(continued)*

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is May 7, 2026.

3. Concentration of Credit Risk

Candid maintains cash in bank accounts which, at times, may exceed federally insured limits. This potentially subjects Candid to a concentration of credit risk. Candid invests its assets in a variety of securities such as mutual funds, exchange traded funds and fixed income. Candid routinely assesses the diversification and financial strength of its cash and investment portfolio with the assistance of an independent investment consultant. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times balances may exceed the FDIC and/or the SIPC limit. As of December 31, 2025 and 2024, Candid's uninsured cash on deposit totaled approximately \$2,323,000 and \$2,064,000. As of December 31, 2025 and 2024, Candid's uninsured investment holdings totaled approximately \$57,284,000 and \$61,232,000.

4. Investments and Investment Return

Investments at December 31 are as follows:

	2025		
	Level 1	Level 2	Total
Mutual funds	\$ 36,107,779	\$ -	\$ 36,107,779
Exchange traded funds	7,122,871	-	7,122,871
Fixed income	-	14,017,872	14,017,872
Total Investments Measured at Fair Value	<u>\$ 43,230,650</u>	<u>\$ 14,017,872</u>	57,248,522
Investment cash, at cost			535,652
Total Investments			<u>\$ 57,784,174</u>

	2024		
	Level 1	Level 2	Total
Mutual funds	\$ 33,170,598	\$ -	\$ 33,170,598
Exchange traded funds	6,601,572	-	6,601,572
Fixed income	-	13,378,649	13,378,649
Total Investments Measured at Fair Value	<u>\$ 39,772,170</u>	<u>\$ 13,378,649</u>	53,150,819
Investment cash, at cost			8,580,731
Total Investments			<u>\$ 61,731,550</u>

Candid

Notes to Financial Statements December 31, 2025 and 2024

4. Investments and Investment Return (*continued*)

The Board has approved an annual spending rate of up to 4.5% of the average fair value of the investments managed by the investment manager at the end of the three preceding years.

The composition of investment return as reported in the statements of activities for the years ended December 31, was as follows:

	2025	2024
Interest and dividends	\$ 2,243,082	\$ 2,068,013
Unrealized and realized gain	4,072,584	2,298,971
Investment fees	(183,828)	(184,593)
Total Return on Investments	<u>\$ 6,131,838</u>	<u>\$ 4,182,391</u>

5. Grants Receivable

Grants receivable consist of the following at December 31:

	2025	2024
Grants receivable, due to be collected as follows:		
Due within one year	\$ 303,699	\$ 1,339,599
Due within two to five years	800,000	225,000
	<u>1,103,699</u>	<u>1,564,599</u>
Discount to present value	(30,502)	(11,473)
	<u>\$ 1,073,197</u>	<u>\$ 1,553,126</u>

For the years ended December 31, 2025 and 2024, present value discounts were calculated using rates of 3.55% and a range of 3.84% to 4.25%, respectively. These rates were based on discount factors that approximate the risk and expected timing of future receivable payments. As of December 31, 2025, approximately 91% of gross grants receivable were due from three donors. As of December 31, 2024, approximately 67% of gross grants receivable were due from five donors.

Management has evaluated the collectability of grants receivable and determined that all amounts are fully collectible; therefore, no allowance for doubtful accounts is considered necessary.

Candid

Notes to Financial Statements December 31, 2025 and 2024

6. Property and Equipment

Property and equipment consists of the following at December 31:

	2025	2024
Computer hardware	\$ 90,875	\$ 90,875
Furniture and equipment	1,097,780	1,097,780
Leasehold improvements	5,372,795	5,136,019
Capitalized software	56,024,350	20,354,865
Construction in progress	-	25,128,633
	62,585,800	51,808,172
Less: accumulated depreciation	(26,552,363)	(22,292,842)
	<u>\$ 36,033,437</u>	<u>\$29,515,330</u>

Construction in progress costs consisted of software development for Candid's search platform and website which was placed into service during the calendar year 2025.

7. Retirement Benefits

Candid has a defined contribution group annuity pension plan, which provides for the option of voluntary employee contributions and covers all employees who meet minimum age and service requirements. Candid matches 50% of an employee's contribution up to a maximum of 2.5% of the employee's salary. Benefits vest upon contribution to the plan. Candid's total contributions to the plan for the years ended December 31, 2025 and 2024 approximated \$1,612,000 and \$1,224,000.

Candid has adopted a retirement plan under the Internal Revenue Code Section 457(b) for its senior executives which allows the employees to make contributions to such plans. Candid does not contribute to these plans and the assets are held by a third party administrator.

8. Postretirement Healthcare Benefits

Candid sponsors an unfunded postretirement healthcare plan that covers former employees who met certain eligibility requirements. Candid chose to enroll eligible retirees into a Medicare Advantage Plan. Candid's postretirement healthcare benefits program has been terminated with respect to individuals whose Candid employment terminated on or after November 1, 2009, except for individuals who elected to participate in, and retire under, Candid's Voluntary Early Retirement Program (VERP), and who satisfy the VERP's requirements for retiree health benefits. These individuals remain eligible for health benefits after retirement from Candid, in accordance with and subject to Candid's retiree health program terms, even if their employment terminated after November 1, 2009.

Candid

Notes to Financial Statements December 31, 2025 and 2024

8. Postretirement Healthcare Benefits *(continued)*

Candid records annual amounts relating to the plan based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality, assumed rates of return, and healthcare cost trend rates. Candid reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to these assumptions is recorded as a charge to net assets without donor restrictions and amortized to net periodic cost over future periods using the corridor method. Candid believes that the assumptions utilized in recording its obligation under its plan are reasonable based on its experience and market conditions.

Candid recognizes the unfunded status of its defined benefit postretirement plan on a net basis as a liability and recognizes changes in that unfunded status in the year in which the changes occur through a charge to net assets without donor restrictions to the extent those changes are not included in net periodic benefit cost. The funded status is reported on the statements of financial position as the difference between the fair value of plan assets and the benefit obligation.

Information with respect to this plan as of and for the years ended December 31 is as follows:

	2025	2024
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 808,857	\$ 925,601
Interest cost	50,976	39,824
Actuarial loss / (gain)	206,371	(93,385)
Benefits paid	<u>(79,382)</u>	<u>(63,183)</u>
Benefit obligation at end of year	986,822	808,857
Change in plan assets		
Employer contributions	79,382	63,183
Benefits paid	<u>(79,382)</u>	<u>(63,183)</u>
Funded status at end of year	<u>\$ (986,822)</u>	<u>\$ (808,857)</u>

Other changes in plan assets and benefit obligation recognized in changes in net assets without donor restrictions are as follows:

	2025	2024
Net periodic cost		
Interest cost	\$ 50,976	\$ 39,824
Amortization of gain	<u>(8,115)</u>	<u>(19,300)</u>
	<u>\$ 42,861</u>	<u>\$ 20,524</u>
Net actuarial loss / (gain)	\$ 206,371	\$ (93,385)
Amortization of unrecognized amounts	<u>8,115</u>	<u>19,300</u>
Total recognized in net periodic postretirement benefit cost and net assets without donor restrictions	<u>\$ 214,486</u>	<u>\$ (74,085)</u>

Candid

Notes to Financial Statements December 31, 2025 and 2024

8. Postretirement Healthcare Benefits *(continued)*

The estimated service cost, interest cost and prior service and experience loss that will be amortized from net assets without donor restrictions into net periodic benefit cost over the next fiscal year is as follows:

	<u>2025</u>	<u>2024</u>
Unrecognized net actuarial gain	<u>\$181,553</u>	<u>\$396,039</u>
Weighted average assumptions as of the measurement date		
Discount rate - benefit obligation	5.06%	5.35%
Discount rate - net periodic benefit cost	5.35%	4.71%
Assumed healthcare cost trend rates		
Healthcare cost trend rate assumed for next year	5.00%	5.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend	2025	2024

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	<u>2025</u>	
	<u>1% point increase</u>	<u>1% point decrease</u>
Effect in total of service and interest cost components	\$ 4,402	\$ (3,913)
Effect on accumulated postretirement benefit obligation	89,881	(79,797)
	<u>2024</u>	
	<u>1% point increase</u>	<u>1% point decrease</u>
Effect in total of service and interest cost components	\$ 3,701	\$ (3,266)
Effect on accumulated postretirement benefit obligation	75,682	(66,972)

Candid

Notes to Financial Statements December 31, 2025 and 2024

8. Postretirement Healthcare Benefits *(continued)*

Projected payments to retired participants over the next 10 years, which reflect expected future service, are as follows:

2026	\$ 80,378
2027	81,140
2028	81,652
2029	81,894
2030	81,851
2031-2035	<u>397,421</u>
	<u>\$ 804,336</u>

9. Lease Commitments

Candid leases two office spaces under non-cancellable operating leases expiring at various times through 2030. The leases provide for increasing annual base rents. The ROU assets and lease liabilities related to these leases were calculated based on the present value of future lease payments over the lease terms.

Candid amortized the operating leases ROU assets over the life of the lease agreements. ROU assets consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Right of use assets - operating lease	\$ 12,766,627	\$ 12,766,627
Less: accumulated amortization	<u>(5,469,564)</u>	<u>(4,053,241)</u>
	<u>\$ 7,297,063</u>	<u>\$ 8,713,386</u>

The minimum future rental payments for Candid under the lease agreements through fiscal 2030 are as follows:

	<u>Rental Payments</u>
2026	\$ 2,005,830
2027	1,983,371
2028	1,936,150
2029	1,936,150
2030	1,936,150
Less: present value discount	<u>(373,750)</u>
	<u>\$ 9,423,901</u>

Candid

Notes to Financial Statements December 31, 2025 and 2024

9. Lease Commitments (*continued*)

The rental expense for Candid under these leases for the years ended December 31, 2025 and 2024 totaled \$1,827,414 and \$1,989,626, which included \$1,582,966 and \$1,586,796 of lease costs and \$253,469 and \$402,830 of variable lease expense. Cash paid for operating leases the years ended December 31, 2025 and 2024 totaled \$2,008,110 and \$1,855,424.

At December 31, 2025 and 2024, the weighted-average discount rate for Candid's operating leases is 1.62% and 1.63%. At December 31, 2025 and 2024, the weighted-average remaining lease terms for Candid's operating leases is 4.96 years and 6 years.

10. Net Assets

Net Assets without Donor Restrictions

The Board of Trustees of Candid has designated certain assets without donor restrictions (see note 11).

Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes:

	2025	2024
Time or Purpose Restricted		
Library/learning centers and other public services	\$ 685,137	\$ 617,278
Research and other programs	674,097	2,149,843
Regional support	85,792	68,500
Future periods	2,109,698	1,212,975
Public education	1,963,709	1,787,542
General purpose endowment	2,143,254	1,915,164
Total Time or Purpose Restrictions	7,661,687	7,751,302
Held in Perpetuity		
General purpose	1,000,000	1,000,000
New York library	250,000	250,000
Public education	464,000	464,000
	<u>\$ 9,375,687</u>	<u>\$ 9,465,302</u>

Candid has three endowments restricted in perpetuity: general endowment, library acquisition endowment, and public education endowment.

The general endowment fund was established in 1996. The income from this endowment is with donor restrictions and used for general purposes in accordance with Candid's spending policy. Income earned beyond the spending policy limit is classified as with donor restrictions until appropriated by the Board.

Candid

Notes to Financial Statements December 31, 2025 and 2024

10. Net Assets (continued)

Net Assets with Donor Restrictions (continued)

The library acquisitions endowment fund was created to provide support for acquisitions for Candid's New York library. Income from the library acquisitions endowment is classified as with donor restrictions.

The public education endowment fund was created to provide support for Candid's public education programs. In fiscal year 2025, the purpose of the fund was revised, with the donor's understanding, to support the annual fee associated with Candid's online learning platform. Income from the public education endowment is classified as with donor restrictions.

During fiscal years 2025 and 2024, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors as follows:

	2025	2024
Research and other programs	\$ 1,705,744	\$ 811,118
Regional support	346,008	415,001
Future periods	2,059,848	2,399,682
General purpose endowment	242,345	-
	<u>\$ 4,353,945</u>	<u>\$ 3,625,801</u>

11. Endowment

Interpretation of Relevant Law

The Board has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Candid classifies as net assets restricted in perpetuity (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent 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 classified as net assets restricted in perpetuity is classified as time or purpose restricted until those amounts are appropriated for expenditure by Candid in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The objective of Candid's endowment is to maintain the principal endowment funds at the original amount designated by the donor. The investment policy to achieve this objective is to invest in a balanced portfolio. Interest earned in relation to the endowment funds is reported as time or purpose restricted income. Time or purpose restricted income funds are reduced by the spending allocation reported as transferred to the current operating budget.

Candid

Notes to Financial Statements December 31, 2025 and 2024

11. Endowment (continued)

Interpretation of Relevant Law (continued)

The primary objective of Candid's investment policy is to produce optimal long-range total return on its funds without assuming inappropriate risk and commensurate with applicable legal requirements and sound investment principles.

The absolute performance objective of Candid's investment portfolio is an average total annual real return (net of inflation) of 4.5%. The intent of this objective is to preserve over time the principal value of assets as measured in real, inflation-adjusted terms.

Return Objectives, Strategies Employed and Spending Policy

Candid's investments consist of expendable and endowed funds. The spending policy for Candid's portfolio established by the Board permits 4.5% of the average market value of the portfolio over the prior three years to be withdrawn from the accounts, with the understanding that this spending rate plus inflation will not normally exceed total return from investment.

The composition of Candid's board-designated and donor-restricted endowment by net asset class and reconciliation of the beginning and ending balances for the years ended December 31 are as follows:

	2025			
	Board Designated	With Donor Restrictions		Total
		Time or Purpose Restricted	Held in Perpetuity	
Balance at December 31, 2024	\$ 17,010,667	\$ 4,316,257	\$ 1,714,000	\$ 23,040,924
Interest, dividends and fees	642,831	228,023	-	870,854
Net appreciation in fair value of investments	1,371,333	486,436	-	1,857,769
Appropriations for expenditures	(683,205)	(242,345)	-	(925,550)
Balance at December 31, 2025	<u>\$ 18,341,626</u>	<u>\$ 4,788,371</u>	<u>\$ 1,714,000</u>	<u>\$ 24,843,997</u>
	2024			
	Board Designated	With Donor Restrictions		Total
		Time or Purpose Restricted	Held in Perpetuity	
Balance at December 31, 2023	\$ 15,775,814	\$ 3,878,232	\$ 1,714,000	\$ 21,368,046
Interest, dividends and fees	514,501	182,503	-	697,004
Net appreciation in fair value of investments	720,352	255,522	-	975,874
Balance at December 31, 2024	<u>\$ 17,010,667</u>	<u>\$ 4,316,257</u>	<u>\$ 1,714,000</u>	<u>\$ 23,040,924</u>

Funds with Deficiencies

Due to unfavorable market fluctuations, from time to time the fair value of assets associated with individual donor-restricted endowment funds may decline below historic dollar value of the donor's original permanently restricted contribution. Candid is not aware of any funds with deficiencies as of December 31, 2025 and 2024.

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Notes to Financial Statements December 31, 2025 and 2024

12. Liquidity and Availability of Financial Assets

The following reflects Candid's financial assets as of December 31 reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operating and other revenues that could be drawn upon with Board approval.

	2025	2024
Financial assets:		
Cash	\$ 2,879,565	\$ 2,837,665
Investments	57,784,174	61,731,550
Grants receivable, net	1,073,197	1,553,126
Accounts receivable, net	1,704,569	1,593,688
Total financial assets	<u>63,441,505</u>	<u>67,716,029</u>
Less: Contractual or donor imposed restrictions amounts		
Grants receivable, net - due in future years	769,498	213,527
Restricted by donor with time or purpose restrictions	2,103,818	3,221,518
Endowment funds:		
Board designated reserve fund	18,341,626	17,010,667
Donor restricted endowment funds	<u>6,502,371</u>	<u>6,030,257</u>
	<u>27,717,313</u>	<u>26,475,969</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 35,724,192</u>	<u>\$ 41,240,060</u>

Candid's working capital and cash flows are driven by the revenue streams of online products, knowledge services and general contributions. Candid receives funds in advance for certain types of memberships throughout the year, which is amortized according to the structure of the membership terms. Candid has a goal to maintain financial assets, which consist of cash and investments, on hand to meet normal operating expenses, which were, on average, approximately \$3,081,000 and \$2,576,000 per month for calendar years 2025 and 2024. Candid has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, Candid invests cash in excess of daily requirements in various short-term investments.

Candid's endowment funds consist of funds designated by the Board as endowments and donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. As part of Candid's liquidity management, Candid strives to maintain funds in accessible accounts to cover operating expenses. At December 31, 2025, Candid's board-designated endowment of \$18,341,626 is subject to an annual spending rate of up to 4.5% as described in Note 11. Candid does not intend to spend from the board-designated endowment, other than amounts appropriated for general expenditure as part of the annual budget approval and appropriation.

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