

THE COAST GUARD FOUNDATION, INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

INDEPENDENT AUDITORS' REPORT



SANSIVERI, KIMBALL & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Coast Guard Foundation, Inc.:

Opinion

We have audited the accompanying financial statements of The Coast Guard Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, 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 the Foundation as of December 31, 2024 and 2023, 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 the Foundation 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.

Adjustment to Prior Period Financial Statements

As described in Note 2, the Foundation has restated its 2023 financial statements to recognize the receipt of a nonfinancial asset in the form of a boat in 2022. As part of our audit of the 2024 financial statements, we also audited the adjustment described in Note 2 that was applied to restate the 2023 financial statements. In our opinion, such adjustment is appropriate and has been properly applied.

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 the Foundation'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 internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Sansiveri, Kimball + Co., LLP

Providence, Rhode Island
July 29, 2025

THE COAST GUARD FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023	(As Restated)
			2024
			2023
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 4,237,442	\$ 1,755,877	\$ 214,901
Promises to give, net of allowance for uncollectible pledges	717,701	706,017	203,594
Prepaid expenses and other current assets	521,049	489,926	1,736,544
Total current assets	<u>5,476,192</u>	<u>2,951,820</u>	<u>474,625</u>
INVESTMENTS	17,804,670	18,345,772	1,341,951
PROMISES TO GIVE, less current portion	1,429,729	1,558,729	3,971,615
PROPERTY AND EQUIPMENT - At cost:			
Land and land improvements	175,746	175,746	3,013,163
Building	867,750	867,750	18,573,115
Furniture and equipment	207,929	201,881	21,586,278
Website	73,500	73,500	20,672,433
Total	<u>1,324,925</u>	<u>1,318,877</u>	<u>3,013,163</u>
Less accumulated depreciation and amortization	882,623	827,254	18,573,115
Property and equipment, net	<u>442,302</u>	<u>491,623</u>	<u>21,586,278</u>
BOAT INVENTORY	405,000	405,000	-
TOTAL	<u>\$ 25,557,893</u>	<u>\$ 23,752,944</u>	<u>\$ 25,557,893</u>
			<u>\$ 23,752,944</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 214,901	\$ 476,560
Accrued liabilities	203,594	160,786
Deferred revenue	1,736,544	383,924
Current portion of pledge payable	474,625	481,745
Total current liabilities	<u>2,629,664</u>	<u>1,503,015</u>

PLEDGE PAYABLE, less current portion

	1,341,951	1,577,496
Total liabilities	<u>3,971,615</u>	<u>3,080,511</u>

NET ASSETS:

Net assets without donor restrictions	3,013,163	2,962,448
Net assets with donor restrictions	18,573,115	17,709,985
Total net assets	<u>21,586,278</u>	<u>20,672,433</u>

TOTAL

See notes to financial statements.

THE COAST GUARD FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
SUPPORT AND REVENUE:				
Contributions of cash and other financial assets	\$ 4,993,022	\$ 3,702,635	\$ 4,130,634	\$ 4,583,837
Contributions of nonfinancial assets - gifts in-kind	249,711	182,707	93,215	132,748
Special events revenue, net of costs of direct benefit to donors of \$749,084 in 2024 and \$721,550 in 2023	2,581,627	111,936	2,321,219	117,082
Investment return, net	695,618	1,529,978	744,851	1,580,474
Miscellaneous	77,628	77,628	41,693	41,693
Total	8,597,606	5,527,256	7,331,612	6,414,141
Net assets released from restrictions	4,468,304	(4,468,304)	3,370,033	(3,370,033)
Total support and revenue	13,065,910	14,124,862	10,701,645	3,044,108
EXPENSES:				
Program services	8,358,802		6,686,000	
Supporting services:				
Administrative and general	1,187,809		1,233,359	
Development and fundraising	3,664,406		3,422,812	
Total supporting services	4,852,215	-	4,656,171	-
Total program and supporting services expenses	13,211,017	-	11,342,171	-
CHANGE IN NET ASSETS	(145,107)	1,058,952	(640,526)	3,044,108
TRANSFERS - Gift fee assessment	195,822	(195,822)	145,303	(145,303)
NET ASSETS, BEGINNING OF THE YEAR (as restated, see Note 2)	2,962,448	17,709,985	3,457,671	14,811,180
NET ASSETS, END OF THE YEAR	\$ 3,013,163	\$ 18,573,115	\$ 2,962,448	\$ 17,709,985
				\$ 20,672,433

See notes to financial statements.

THE COAST GUARD FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services				Supporting Services		Total
	Education Support	Morale & Wellness Support	Family Support & Community Building	Public Awareness	Administrative and General	Development and Fundraising	
Grants to support the U.S. Coast Guard:							
Academy support	\$ 163,176						\$ 163,176
Dependent scholarships	814,092						814,092
Spouse grants	246,000						246,000
Workforce development	319,259						319,259
Boater safety	4,932						4,932
Morale & district support		\$ 1,812,913					1,812,913
Mental resiliency		117,651					117,651
Emergency relief & tragedy assistance			\$ 1,403,184				1,403,184
Youth enrichment			395,279				395,279
Coast Guard Museum			7,335				7,335
Public service announcements				\$ 248,944			248,944
Salaries and benefits	418,146	503,227	215,746	535,439	\$ 680,416	\$ 1,248,608	3,601,582
Event production costs						277,645	277,645
Direct mail solicitations				409,795	76,277	1,125,852	1,611,924
Donor cultivation						90,702	90,702
Promotional and advertising				164,214		195,404	359,618
Travel, receptions and meetings	126	55,375	10	3,662	65,539	203,665	328,377
Professional fees				236,742	164,958	113,919	515,619
Information technology and communication			2,924	51,135	42,384	81,648	178,091
Occupancy	60,167	11,532	7,688	15,376	43,156	23,064	160,983
Depreciation and amortization	14,635	5,637	6,493	6,236	9,288	17,959	60,248
Miscellaneous	25,329	7,535	13,133	55,735	105,791	285,940	493,463
Total	\$ 2,065,862	\$ 2,513,870	\$ 2,051,792	\$ 1,727,278	\$ 1,187,809	\$ 3,664,406	\$ 13,211,017

See notes to financial statements.

THE COAST GUARD FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services					Supporting Services			Total
	Education Support	Morale & Wellness Support	Family Support & Community Building	Public Awareness	Total Program	Administrative and General	Development and Fundraising		
Grants to support the U.S. Coast Guard:									
Academy support	\$ 42,633				\$ 42,633			\$	42,633
Dependent scholarships	691,658				691,658				691,658
Spouse grants	165,000				165,000				165,000
Workforce development	366,879				366,879				366,879
Boater safety	4,101				4,101				4,101
Morale & district support		\$ 1,812,176			1,812,176				1,812,176
Mental resiliency		302,725			302,725				302,725
Emergency relief & tragedy assistance			\$ 273,247		273,247				273,247
Youth enrichment			231,106		231,106				231,106
Public service announcements				\$ 91,087	91,087				91,087
Salaries and benefits	375,601	465,953	188,528	474,279	1,504,361	\$ 653,650	\$ 1,143,332		3,301,343
Event production costs					-		255,475		255,475
Direct mail solicitations				441,414	441,414	70,849	1,023,691		1,535,954
Donor cultivation					-		64,271		64,271
Promotional and advertising				381,170	381,170		344,228		725,398
Travel, receptions and meetings	1,104	46,430	408	7,221	55,163	77,712	186,981		319,856
Professional fees				84,655	84,655	201,609	116,913		403,177
Information technology and communication		360	8,144	74,559	83,063	37,354	66,190		186,607
Occupancy	51,610	10,658	7,105	2,782	72,155	35,704	21,315		129,174
Depreciation and amortization	13,393	5,337	5,731	5,711	30,172	8,977	17,058		56,207
Miscellaneous	11,952	14,560	8,427	18,296	53,235	147,504	183,358		384,097
Total	\$ 1,723,931	\$ 2,658,199	\$ 722,696	\$ 1,581,174	\$ 6,686,000	\$ 1,233,359	\$ 3,422,812	\$	11,342,171

See notes to financial statements.

THE COAST GUARD FOUNDATION, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 913,845	\$ 2,403,582
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized gains on investments	(1,127,842)	(1,450,747)
Depreciation and amortization	60,248	56,207
Present value discount on pledge payable	7,335	-
Changes in operating assets and liabilities:		
Promises to give	117,316	(490,904)
Prepaid expenses and other current assets	(31,123)	(108,324)
Accounts payable	(261,659)	299,541
Accrued liabilities	42,808	18,637
Deferred revenue	1,352,620	(127,921)
Pledge payable	(250,000)	(250,000)
Contributions restricted for long-term investment	(793,090)	(1,275,774)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>30,458</u>	<u>(925,703)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of:		
Investments	(5,709,118)	(2,925,108)
Property and equipment	(10,927)	(29,029)
Proceeds from sales of investments	7,378,062	2,217,132
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,658,017</u>	<u>(737,005)</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES -		
Proceeds from contributions restricted for long-term investment	<u>793,090</u>	<u>1,275,774</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,481,565	(386,934)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>1,755,877</u>	<u>2,142,811</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 4,237,442</u>	<u>\$ 1,755,877</u>

See notes to financial statements.

THE COAST GUARD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Programs of the Coast Guard Foundation

The Coast Guard Foundation, Inc. (the Foundation) is a national nonprofit organization incorporated in 1986. It traces its roots, however, to 1969, when the Coast Guard Academy Foundation was established to raise funds to enrich programs and morale for the cadets. The mid-1980's were times of declining budgets throughout the Coast Guard, so the founders were determined to expand their support beyond the Academy to include the men, women and families of the entire Service. True to that vision of helping the broadest group possible, today's Foundation has a widely felt and positive impact on the well-being, retention and professionalism of the Coast Guard's workforce and their families. Additionally, the Foundation honors and highlights the accomplishments of the Coast Guard to heighten public awareness of the Service's critical roles in serving and protecting the Nation.

The Foundation focuses on three key impact areas – education and workforce development assistance; morale and wellness; and emergency and tragedy assistance; and public awareness of the benefits of a strong Coast Guard.

Education and Workforce Development Assistance

Education is essential to a strong future for the Coast Guard community, but the rising costs of school and other barriers make it inaccessible to many. The Coast Guard Foundation steps in to make higher education possible. For children of active duty, retired, or active reserve members, we offer scholarships that reduce the amount needed for student loans, allowing them to focus on their studies and setting them and their families up for stronger futures. For children of Coast Guard members who die in operational, line of duty service, we offer scholarships that cover 100% of the expenses of higher education. This investment gives families relief and honors their heroism. For spouses of Coast Guard members, achieving higher education or professional licensing and certification gives them personal fulfillment and boosts the family's financial stability. We provide professional development opportunities and training programs for Coast Guard members that support their mission and set them up for future success. The Coast Guard Academy is a top-tier educational institution training the future leaders of the Coast Guard. Accordingly, we support measures to ensure the Academy is accessible to top students and provides the best education possible, including, but not limited to, support for recruitment initiatives, leadership development, and hands-on classroom and extracurricular experiences.

Morale and Wellness

Prioritizing the morale and wellbeing of the Coast Guard is crucial - not only so they remain always ready for their assignments, but so they can maintain their own physical and mental well-being while at sea or stationed in remote areas. We provide exercise, sports, and outdoor recreation equipment at Coast Guard stations and on board cutters so Coast Guard members have the resources they need to remain physically ready for duty. We fund recreation spaces in Coast Guard communities around the country, so members and families have a place to be together,

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form strong support systems, and improve morale. The mental well-being of Coast Guard members is as important as their health - for their duties, the stability of their families, and their future beyond the Coast Guard. We help members maintain resiliency by partnering with Coast Guard leadership and offering morale support where needed. We support healthy marriages through training programs that equip Coast Guard chaplains to counsel and guide members and their spouses toward strong family relationships.

Emergency and Tragedy Assistance

When emergencies and tragedies strike, we provide immediate relief. When a Coast Guard family faces difficult times, the Coast Guard Foundation is there so that members and families have the support needed to cope and recover.

In times of natural disaster and other emergencies, the Foundation provides immediate financial assistance to Coast Guard families who have lost homes and property. This support helps families rebuild and recover with security and stability, enabling them to return to everyday life more quickly. By offering timely disaster relief, the Foundation ensures that Coast Guard families are resilient in the face of adversity.

The Tragedy Assistance program provides financial and emotional support to Coast Guard families facing the loss of a service member, spouse, or child. This includes covering travel, funeral expenses, and other urgent needs during a family's most challenging times.

Public Awareness

The Coast Guard Foundation serves as a goodwill ambassador for the United States Coast Guard by making the public aware of the benefits of a strong Coast Guard.

We celebrate Coast Guard members through our tribute events, golf tournaments, and our Run to Remember, a worldwide movement where thousands of individuals participate in road races, memorial walks, and other types of fitness events.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

In order to ensure the observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts are classified into two classes of net assets as follows:

- *Net assets without donor restrictions* – funds for which management and the Board of Directors of the Foundation retain full control to use in achieving any organizational purpose. These funds may include net assets without donor restrictions subject to self-imposed limits by action of the Board of Directors of the Foundation whereby designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

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- *Net assets with donor restrictions* – funds restricted by outside sources which may only be utilized in accordance with purposes established by the donor of such funds. When a donor restriction expires, such as when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as assets released from restriction. Certain donor restricted net assets have been restricted by donors to be maintained in perpetuity and only the income is to be utilized by the Foundation. Income may be utilized for net assets with or without donor restrictions as established by the donor of such funds. The Foundation collects gift fees on restricted and permanently restricted gifts. Permanently restricted gifts (endowments) have the following fee structure: 1.5% fee on endowment balances up to \$500,000, 1.25% on endowment balances from \$500,000 to \$1 million, and 1% on balances over \$1 million. All other restricted gifts are assessed a one-time 5% gift fee.

Cash Equivalents

Cash equivalents include money market funds that have not been restricted by donors for long-term purposes.

Promises to Give

Promises to give received by the Foundation from donors are recognized as revenue in accordance with Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Unconditional promises to give are recognized as revenue in the period the promise is made. Conditional promises to give are recognized as revenue only when the conditions on which they depend are substantially met.

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Material promises to give that are expected to be collected in a period beyond one year are recorded at net realizable value, discounted for the present value of estimated future cash flows. The discounts on those amounts are computed using the Foundation's internal investment rate of return applicable to the year of the gift and are included in contribution revenue. As of December 31, 2024 and 2023, a discount for the present value was not considered necessary.

The Foundation did not incur bad debt expense during the years ended December 31, 2024 and 2023.

Investments

Investments are reported at fair value. Investment income is reported net of management fees.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the estimated fair market value at the date of the donation.

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Property and equipment are depreciated and amortized using the straight-line method over the respective estimated useful lives of the assets.

Deferred Revenue

Deferred revenue includes amounts collected in advance related to conditional promises to give and billings in advance related to special event sponsorships. Conditional promises to give will be recognized as revenue when the donor conditions are met. Special event sponsorships billed in advance will be recognized as revenue in the subsequent year, which is when such special events will take place. As of December 31, 2024, deferred revenue includes conditional promises to give of \$1,300,000 and special event sponsorships billed in advance of approximately \$437,000. As of December 31, 2023, deferred revenue includes special event sponsorships billed in advance of approximately \$384,000.

Pledge Payable

Unconditional promises made by the Foundation are expensed in the period they are made or unconditionally promised. Material unconditional promises made that are to be paid in a period beyond one year are discounted for the present value of estimated future cash flows. The discounts on those amounts are computed using the Foundation's internal investment rate of return applicable to the year of the gift and are included in expenses.

Revenue Recognition

The Foundation recognizes revenue from exchange transactions in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. Revenue is measured based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Foundation recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

The Foundation recorded the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending December 31, 2024 and 2023.

Special Events Revenue

The Foundation conducts special events to raise contributions to support its activities. The participants attending these events are offered something of value (such as a meal and/or entertainment) for a sum that exceeds the costs of the benefits provided to the participants. The difference between the amount paid by the participants and the fair value of the benefits received by the participants is considered a contribution and recognized in accordance with ASC Topic 958. The amount paid by the participants related to the benefits received is subject to the revenue recognition guidance of ASC Topic 606 and is valued using the cost incurred by the Foundation to provide such benefits. Special event fees collected by the Foundation in advance of the event are initially recognized as liabilities (deferred revenue) and recognized as special events revenue upon the occurrence of the event. Factors that affect the timing of revenues and cash flows relate primarily to the dates on which the special events are held.

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Contributed Nonfinancial Assets (including Boat Inventory)

The Foundation receives various forms of contributed nonfinancial assets including consumer goods, other property and services. It is the Foundation's policy to utilize consumer goods for its programs. The Foundation has a policy to either utilize or monetize donations of other property depending on its suitability for the Foundation's programs.

The Foundation recognized contributed nonfinancial assets within revenue, including consumer goods to be donated to the U.S. Coast Guard and other services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed consumer goods to be donated to the U.S. Coast Guard were donated for and utilized in the Morale & Wellness Support program. In valuing the consumer goods, the Foundation estimated the fair value on the basis of estimates of retail value that would be received for selling similar products in the United States.

Advertising and other contributed services were donated for and utilized in the Public Awareness program. The fair value of the advertising and other contributed services was obtained from the donor and based on the cost that would have been incurred by the Foundation if it were required to purchase such services.

Boat inventory represents a boat received under the Foundation's boat donation program which requires the boat to be sold and the proceeds to be restricted in perpetuity for educational purposes. The fair value of the boat inventory is based on the fair market value which is the selling price.

In addition, many individuals volunteer their time to the Foundation's program services and other activities. The value of these services has not been recognized in the accompanying financial statements, as it does not create or enhance nonfinancial assets or require specialized skills, which if not provided by donation, would have to be purchased by the Foundation.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated or implied time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Allocation of Functional Expenses

The costs of providing program services and supporting activities have been summarized on a functional basis. The Foundation incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Foundation also conducts a number of activities which benefit both its program objectives as well as supporting activities (i.e. development and

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fundraising and administrative and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount or estimates of time and effort incurred by personnel.

Tax-Exempt Status

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law as a charitable organization, whereby only unrelated business income, as defined by Section 512(a)(1) of the Code is subject to Federal income tax.

Management does not believe there are any material uncertain tax positions requiring disclosure or recognition. For the years ended December 31, 2024 and 2023, there were no tax related interest or penalties recorded or included in the accompanying financial statements.

Significant Estimates

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

Reclassification

Certain amounts reported in the 2023 financial statements have been reclassified to conform with the 2024 presentation.

2. PRIOR PERIOD ADJUSTMENT

During 2024, management determined that a boat donated to the Foundation in 2022 under the Foundation's boat donor program was erroneously not recognized as contribution revenue and an asset at the time of receipt. The boat was sold in April 2025. Management has recorded the correction retroactively by adjusting beginning net assets for the year ended December 31, 2023. As a result, the following 2023 amounts have been restated:

	As Previously Reported	As Restated
Boat inventory	\$ -	\$ 405,000
Net assets with donor restrictions	\$ 14,406,180	\$ 14,811,180

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THE COAST GUARD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

3. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The Foundation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2024	2023
Financial assets at year end:		
Cash and cash equivalents	\$ 4,237,442	\$ 1,755,877
Promises to give, net	2,147,430	2,264,746
Investments	17,804,670	18,345,772
Total financial assets	<u>24,189,542</u>	<u>22,366,395</u>
Include amount available to be appropriated from endowment and used for general expenditures	<u>1,131,373</u>	<u>955,039</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	18,168,115	17,304,985
Endowment funds designated by the Board of Directors	<u>2,724,838</u>	<u>4,836,552</u>
	<u>20,892,953</u>	<u>22,141,537</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,427,962</u>	<u>\$ 1,179,897</u>

The Foundation is substantially supported by contributions which include amounts with donor restrictions for use in a particular manner or in a future period. The Foundation must maintain sufficient resources to meet those responsibilities to its donors thus financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the amounts designated by the Board of Directors for endowment are subject to the Board of Directors' discretion and may be made available, if necessary. The Foundation also maintains a revolving line-of-credit agreement with a bank which provides for maximum available borrowings of \$750,000 as disclosed in Note 8.

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4. PROMISES TO GIVE

As of December 31, 2024 and 2023, promises to give consist of the following:

	2024	2023
Receivable due in less than one year	\$ 740,851	\$ 729,167
Less allowance for uncollectible pledges	(23,150)	(23,150)
Net receivable due in less than one year	717,701	706,017
Receivable due in one to five years	1,429,729	1,558,729
 Total net promises to give	 \$ 2,147,430	 \$ 2,264,746

As of December 31, 2024 and 2023, \$1,563,283 and \$1,673,701, respectively, of the Foundation's receivables were permanently restricted to be invested in perpetuity.

5. INVESTMENTS

As of December 31, 2024 and 2023, the Foundation's investments consisted of the following:

	2024	2023
Subject to the endowment spending policy:		
Mutual funds	\$ 16,569,882	\$ 17,393,329
Money market funds	30,839	4,669
Private equity fund	721,174	494,232
Total subject to the endowment spending policy	17,321,895	17,892,230
Not subject to the endowment spending policy:		
Mutual funds	482,688	453,459
Money market funds	87	83
Total restricted for specific purpose	482,775	453,542
 Total investments	 \$ 17,804,670	 \$ 18,345,772

The Foundation invests excess cash not yet ready to be spent in money market funds and mutual funds. Investment in a private equity fund includes commitments which are described in Note 14. As of December 31, 2024 and 2023, \$9,007,855 and \$8,207,011, respectively, of the Foundation's investments were permanently restricted for investment in perpetuity.

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Investment income and gains and losses are allocated to individual donor funds based upon the balance of each fund in relation to the total of investments within the portfolio.

6. FAIR VALUE MEASUREMENTS

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, U.S. GAAP established a fair value hierarchy that prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices, other than quoted prices within Level 1, including:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Unobservable inputs which are used when little or no market activity is available at the measurement date. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Foundation utilizes valuation methodologies that maximize the use of observable inputs to the extent possible.

The following is a description of the valuation methodologies used for assets measured at fair value. The application of the existing fair value methodologies was not changed during the year ended December 31, 2024.

Money market funds and mutual funds - valued using quoted prices in active markets.

Private equity fund - represents the fair value of the Foundation's ownership interest in a limited partnership (referred to as the Partnership) using the net asset value per share practical expedient which is a reasonable estimate of fair value. Fair value is determined by the General Partner. The Partnership invests in various limited liability companies. The General Partner's determination of fair value is based upon the best available information provided by the limited partnerships and may incorporate management assumptions and best estimates after considering a variety of internal and external factors. Such value generally represents

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the Partnership's proportionate share of the partner's capital in the various limited liability companies as reported by their general partners. Accordingly, the fund maintains separate capital accounts for each partner and credits to these accounts each partner's capital contributions, distributions, and allocable share of profits and losses of the fund. Capital contributions to the fund are made pro rata in proportion to each partner's committed capital. The partners will receive distributable proceeds, as defined in the partnership agreement, pro rata in proportion to their respective capital contributions subject to the priority allocations defined in the partnership agreement.

The methodologies used to determine fair value may produce fair value calculations that may not have been indicative of net realizable values or reflective of future fair values. Furthermore, although management believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Investments carried at fair value at December 31, 2024 and 2023 are as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Measured at Net Asset Value	Total
2024					
Investments	\$ 17,083,496	\$ -	\$ -	\$ 721,174	\$ 17,804,670
2023					
Investments	\$ 17,851,540	\$ -	\$ -	\$ 494,232	\$ 18,345,772

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2024 and 2023.

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<u>2024</u>				
Private equity fund	\$ 721,174	\$ 333,635	(a)	(a)
<u>2023</u>				
Private equity fund	\$ 494,232	\$ 523,393	(a)	(a)

(a) Distributable proceeds shall be distributed within ninety days after receipt by the partnership, or if distribution within such ninety day period is not practicable, as soon

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as practicable thereafter, in each case as determined by the General Partner in its reasonable discretion.

7. PLEDGE PAYABLE

Pledge payable represents the remaining balance of a \$2,500,000 pledge to the National Coast Guard Museum Association, Inc. Such pledge was recognized as an expense in 2022 which was the year the commitment was made. The pledge will be paid over ten years with annual installments of \$250,000. The payment scheduled to be paid in December 2024 was paid in January 2025.

As of December 31, 2024, future minimum pledge payments are as follows:

<u>Year</u>	<u>Amount</u>
2025 (2024 payment)	\$ 250,000
2025 (2025 payment)	250,000
2026	250,000
2027	250,000
2028	250,000
2029	250,000
2030 and thereafter	500,000
Total	2,000,000
Less present value discount	183,424
Total pledge payable	<u>\$ 1,816,576</u>

8. NOTE PAYABLE - BANK

Note payable - bank consists of a revolving line-of-credit agreement with a bank. The note provides for maximum available borrowings of \$750,000. The note is due on demand and is not subject to a formal maturity date. The note is secured by unconditional promises to give and equipment. Payments of interest only are due monthly and are calculated at 0.50% above the bank's prime rate, which was 7.50% at December 31, 2024. In no event will the interest rate be less than 3.25%. There were no outstanding borrowings on the line-of-credit as of December 31, 2024 and 2023.

9. NET ASSETS

Net Assets Without Donor Restrictions

As of December 31, 2024 and 2023, net assets without donor restrictions include amounts which function as part of the endowment. See Note 11 for disclosures related to the endowment.

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Net Assets With Donor Restrictions

As of December 31, 2024 and 2023, the Foundation has net assets with donor restrictions available for the following purposes:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Education support	\$ 5,835,515	\$ 4,781,165
Morale and wellness support	1,128,364	891,357
Family support and community building	633,098	1,324,231
Accelerated growth plan	-	427,519
Subtotal	<u>7,596,977</u>	<u>7,424,272</u>
Amounts in perpetuity:		
Education support	7,186,247	6,722,380
Morale and wellness support	3,300,130	3,073,572
Full mission support	489,761	489,761
Subtotal	<u>10,976,138</u>	<u>10,285,713</u>
Total net assets with donor restrictions	<u>\$ 18,573,115</u>	<u>\$ 17,709,985</u>

As of December 31, 2024 and 2023, net assets available for expenditure for a specified purpose includes \$5,589,202 and \$4,848,667, respectively, which is subject to the Foundation's endowment spending policy.

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, the passage of time or by occurrence of events specified by donors. The amounts released during the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Education support	\$ 1,308,958	\$ 952,762
Morale and wellness support	1,050,182	1,321,165
Family support and community building	1,644,546	503,853
Accelerated growth plan	464,618	592,253
Total	<u>\$ 4,468,304</u>	<u>\$ 3,370,033</u>

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10. GIFTS IN-KIND

The Foundation receives various gifts in-kind which are recognized using the accounting policy described in Note 1. For the years ended December 31, 2024 and 2023, gifts in-kind received consisted of the following and were utilized in the year in which they were received.

	2024	2023
Without donor restrictions -		
Advertising and other services	\$ 249,711	\$ 93,215
With donor restrictions -		
Consumer goods	182,707	132,748
Total gifts in-kind	\$ 432,418	\$ 225,963

11. ENDOWMENT

The Foundation's endowment includes both donor-restricted endowment funds and funds without donor restrictions designated by the Board of Directors to provide income for Foundation purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation is subject to the Massachusetts Uniform Prudent Management Institutional Funds Act (MA UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Foundation has interpreted MA UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be a fund with deficiency if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted MA UPMIFA to permit spending from funds with deficiencies in accordance with the prudent measures required under the law.

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Additionally, in accordance with MA UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The investment policy of the Foundation.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the organization to retain as a fund of perpetual duration. As of December 31, 2024 and 2023, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested with a goal of capital enhancement and preservation over time, both in nominal and real terms while minimizing volatility through diversification and a sound asset allocation policy.

The long-term goal of the endowment fund is a total return target of 6% to 8%, net of inflation and expenses, compounded annually. Total returns include investment income plus realized and unrealized gains and losses on endowment fund assets. Actual returns in any given year may vary from this goal.

The investment manager operates within specific guidelines that are determined by the investment committee and described in the investment policy statement. Such statement is periodically reviewed and updated. Investment performance for each asset class is measured against an appropriate index. It is expected that the equity holdings will outperform their respective relevant benchmark over a normal market cycle of three to five years.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

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Spending Policy and How the Investment Objectives Relate to Spending Policy

Distributions of assets for any calendar year shall not exceed any of the following guidelines:

- An amount not to exceed 5% of the three year average market value of the endowment funds as of December 31st of the previous years. The Foundation understands that a period of depressed investment values, absent new endowment gifts, will result in decreased distributions.
- In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2% to 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.
- The Foundation has a policy that permits spending from funds with deficiency depending on the degree to which the fund is deficient, unless otherwise precluded by donor intent or relevant laws and regulations.
- In no case will any donor-imposed restriction on any funds in the endowment be compromised. The policy does not apply to, and therefore does not limit the specific use of, restricted funds as specified by the donor.

Board Designated Endowment Funds

As of December 31, 2024 and 2023, the endowment included board designated endowment funds of \$2,724,838 and \$4,836,552, respectively. The board has provided that such funds are to be appropriated for expenditure using the same spending policy that applies to donor designated funds.

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Changes in Endowment Net Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2022	\$ 4,227,073	\$ 11,033,881	\$ 15,260,954
Investment return, net	655,298	1,580,474	2,235,772
Contributions received and invested	-	1,780,705	1,780,705
Appropriation for expenditure in accordance with spending policy	(45,819)	(880,206)	(926,025)
Annual gift fee assessment	-	(61,880)	(61,880)
Earnings added to corpus in accordance with donor stipulation	-	7,704	7,704
Endowment net assets, December 31, 2023	4,836,552	13,460,678	18,297,230
Investment return, net	633,831	1,529,974	2,163,805
Contributions received and invested	8,578	1,194,752	1,203,330
Appropriation for expenditure in accordance with spending policy	(1,229,024)	(1,108,737)	(2,337,761)
Annual gift fee assessment	-	(74,610)	(74,610)
Changes to Board designations	(1,525,099)	-	(1,525,099)
Endowment net assets, December 31, 2024	\$ 2,724,838	\$ 15,002,057	\$ 17,726,895

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12. SPECIAL EVENTS

The Foundation holds a number of special events in order to generate awareness and raise funds. For the years ended December 31, 2024 and 2023, special events generated revenues and incurred costs as follows:

	2024	2023
Gross receipts generated by special events:		
Benefits received by participants	\$ 749,084	\$ 721,550
Contribution revenue	2,693,563	2,438,301
Total gross receipts	<u>3,442,647</u>	<u>3,159,851</u>
Less development and fundraising expenses (includes facility, entertainment and other costs)	<u>(1,268,820)</u>	<u>(1,198,336)</u>
Profit generated by special events prior to program costs	2,173,827	1,961,515
Amounts used for program activities	<u>(714,266)</u>	<u>(727,832)</u>
Total	<u><u>\$ 1,459,561</u></u>	<u><u>\$ 1,233,683</u></u>

13. EMPLOYEE BENEFIT PLAN

The Foundation has a defined contribution retirement plan covering substantially all employees. Such plan qualifies under Section 403(b) of the Internal Revenue Code. Upon completion of two years of service, the plan requires eligible employees to contribute 4% of the participant's compensation. Under the plan, the Foundation will make a matching contribution for each eligible participant up to a maximum of 4% of each participant's eligible compensation. For the years ended December 31, 2024 and 2023, the Foundation's contributions to the plan amounted to approximately \$105,200 and \$93,300, respectively.

14. COMMITMENT

Private Equity Fund

A private equity investment is generally made through a limited partnership. Under the terms of the agreement with the private equity fund, the Foundation is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. The private equity fund has a limited existence (dissolution is scheduled for November 10, 2033) and provides for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Foundation cannot anticipate such changes because they are based on unforeseen events, but should they occur they may result in less liquidity or

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return from the investment than originally anticipated. As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any particular future year is uncertain. The amount of the unfunded commitment associated with the private equity investment as of December 31, 2024 was \$333,635.

15. ALLOCATION OF JOINT COSTS

The Foundation conducted activities that included appeals for contributions and in connection incurred joint costs. These activities included the publication of press releases and public announcements, newsletters and the annual report. For the years ended December 31, 2024 and 2023, the approximate allocation of joint costs are as follows:

	2024	2023
Program services	\$ 497,880	\$ 424,310
Support services:		
Administrative and general	16,900	20,920
Development and fundraising	214,760	406,070
Total approximate joint costs	<u>\$ 729,540</u>	<u>\$ 851,300</u>

16. RISKS AND UNCERTAINTIES

Concentrations of Credit, Market and Interest Rate Risks

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents, investments and unconditional promises to give. Investments are also exposed to other risks such as market and interest rate risks.

Cash and cash equivalents subject the Foundation to credit risk in that, from time to time, cash deposits exceed the insurance coverage. As of December 31, 2024, the Foundation had cash deposits of approximately \$1,428,900 at one financial institution in excess of the insurance limit. Management considers such circumstances to be normal business risks.

As of December 31, 2024, investments consisted of a diversified portfolio of mutual funds, money market accounts, and a private equity fund. Management believes the diversity of the portfolio minimizes the risk of loss.

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As of December 31, 2024, the Foundation had unconditional promises to give from two donors representing approximately 41% and 25% of total unconditional promises to give. The Foundation believes such amounts are fully collectible. Further, the Foundation does not have a history of significant bad debt write-offs.

17. SUBSEQUENT EVENT

Management has evaluated subsequent events through July 29, 2025, which is the date the financial statements were available to be issued.

The boat held in inventory at December 31, 2024 was sold in April 2025 for \$405,000.

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