

# **Financial Statements**



**September 30, 2024**

**Contents**

**Maine Island Trail Association**

**September 30, 2024**

Financial Statements:

Independent Auditors' Report .....	1
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7

## **Independent Auditors' Report**

**Board of Directors  
Maine Island Trail Association  
Portland, Maine**

### **Opinion**

We have audited the accompanying financial statements of Maine Island Trail Association (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 Maine Island Trail Association as of September 30, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 Maine Island Trail Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Maine Island Trail Association'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 Maine Island Trail Association'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 Maine Island Trail Association'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.

### **Report on Summarized Comparative Information**

We have previously audited Maine Island Trail Association's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Purdy Powers & Company*

Professional Association

**Portland, Maine  
April 24, 2025**

## Statement of Financial Position

### Maine Island Trail Association

As of September 30, 2024

(with comparative totals for September 30, 2023)

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 44,040	\$ 129,886
Accounts receivable	-	443
Promises to give	58,518	25,955
Bequest receivable	-	40,000
Prepaid expenses	52,204	72,204
Boats held for sale	<u>90,570</u>	<u>23,460</u>
<b>Total Current Assets</b>	245,332	291,948
<b>Property and Equipment, net</b>	651,562	690,907
<b>Other Assets</b>		
Investments	2,175,247	1,782,275
Right of use asset	63,703	90,228
Security deposits	<u>2,424</u>	<u>2,424</u>
<b>Total Other Assets</b>	<u>2,241,374</u>	<u>1,874,927</u>
<b>Total Assets</b>	<u>\$ 3,138,268</u>	<u>\$ 2,857,782</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 37,235	\$ 19,070
Accrued expenses	78,195	30,232
Current portion of lease obligation	28,008	25,980
Current portion of long-term debt	<u>11,693</u>	<u>11,102</u>
<b>Total Current Liabilities</b>	155,131	86,384
<b>Long-Term Liabilities</b>		
Lease obligation, net of current portion	38,202	65,924
Long-term debt, net of current portion	<u>308,038</u>	<u>319,731</u>
<b>Total Long-Term Liabilities</b>	<u>346,240</u>	<u>385,655</u>
<b>Total Liabilities</b>	501,371	472,039
<b>Net Assets</b>		
Without donor restrictions	623,573	736,931
With donor restrictions	<u>2,013,324</u>	<u>1,648,812</u>
<b>Total Net Assets</b>	<u>2,636,897</u>	<u>2,385,743</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,138,268</u>	<u>\$ 2,857,782</u>

See accompanying independent auditors' report and notes to financial statements.

## Statement of Activities

### Maine Island Trail Association

For the Year Ended September 30, 2024

(with comparative totals for the year ended September 30, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues and Other Support</b>				
Membership dues	\$ 143,945	\$ -	\$ 143,945	\$ 218,404
Contributions	623,831	44,156	667,987	816,610
Contributions of nonfinancial assets	114,809	-	114,809	45,998
Sponsorships	97,474	-	97,474	108,589
Events	106,950	-	106,950	74,267
Grants	223,900	-	223,900	177,391
Interest and dividend income	4,909	44,157	49,066	41,693
Net assets released from restriction	63,004	(63,004)	-	-
<b>Total Revenues and Other Support</b>	<b>1,378,822</b>	<b>25,309</b>	<b>1,404,131</b>	<b>1,482,952</b>
<b>Expenses</b>				
Program services	1,148,936	-	1,148,936	1,011,395
Management and general	106,322	-	106,322	123,602
Fundraising	276,891	-	276,891	244,060
<b>Total Expenses</b>	<b>1,532,149</b>	<b>-</b>	<b>1,532,149</b>	<b>1,379,057</b>
<b>Revenues Over (Under) Expenses</b>	<b>(153,327)</b>	<b>25,309</b>	<b>(128,018)</b>	<b>103,895</b>
<b>Other Income</b>				
Gain on boats held for sale	2,260	-	2,260	10,356
Net realized and unrealized investment gains	37,709	339,203	376,912	131,723
<b>Total Other Income</b>	<b>39,969</b>	<b>339,203</b>	<b>379,172</b>	<b>142,079</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(113,358)</b>	<b>364,512</b>	<b>251,154</b>	<b>245,974</b>
Net assets at beginning of year	736,931	1,648,812	2,385,743	2,139,769
<b>Net Assets at End of Year</b>	<b>\$ 623,573</b>	<b>\$ 2,013,324</b>	<b>\$ 2,636,897</b>	<b>\$ 2,385,743</b>

See accompanying independent auditors' report and notes to financial statements.

## Statement of Functional Expenses

### Maine Island Trail Association

For the Year Ended September 30, 2024

(with comparative totals for the year ended September 30, 2023)

	2024				2023
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 545,911	\$ 59,018	\$ 132,789	\$ 737,718	\$ 703,693
Retirement benefits	23,691	2,597	6,166	32,454	26,763
Other employee benefits	66,854	7,326	17,401	91,581	69,110
Payroll taxes	43,147	4,728	11,231	59,106	57,157
Accounting and legal	7,300	800	1,900	10,000	8,100
Contract services	70,589	11,765	11,765	94,119	38,314
Advertising	84	-	-	84	1,003
Supplies	41,131	2,603	8,331	52,065	44,056
Information technology	42,547	3,003	4,505	50,055	47,936
Occupancy	56,391	3,317	6,635	66,343	77,572
Travel	20,808	490	3,182	24,480	25,198
Conferences and conventions	12,255	549	23,778	36,582	27,456
Interest	15,731	-	-	15,731	16,210
Depreciation	55,455	4,621	1,540	61,616	68,090
Insurance	36,833	4,014	6,375	47,222	36,544
Printing and reproduction	49,490	619	11,754	61,863	70,462
Postage	25,791	162	6,488	32,441	31,210
Repairs and maintenance	16,610	-	10,180	26,790	4,047
Promo items	16,163	-	11,001	27,164	18,279
Meals and entertainment	2,155	710	1,870	4,735	5,307
Uncollectible pledges	-	-	-	-	2,550
<b>Total Expenses</b>	<b>\$ 1,148,936</b>	<b>\$ 106,322</b>	<b>\$ 276,891</b>	<b>\$ 1,532,149</b>	<b>\$ 1,379,057</b>

See accompanying independent auditors' report and notes to financial statements.

## Statement of Cash Flows

### Maine Island Trail Association

For the Year Ended September 30, 2024

(with comparative totals for the year ended September 30, 2023)

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 251,154	\$ 245,974
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Uncollectible pledges	-	2,550
Depreciation	61,616	68,090
Right of use amortization	26,524	25,832
Non-cash contribution of property	(110,925)	(40,980)
Gain on boats held for sale	(2,260)	(10,965)
Net realized and unrealized gain on investments	(376,912)	(131,723)
(Increase) decrease in operating assets:		
Accounts receivable	443	(115)
Promises to give	(32,563)	(719)
Bequest receivable	40,000	(40,000)
Prepaid expenses	20,000	(60,000)
Increase (decrease) in operating liabilities:		
Accounts payable	18,165	8,526
Accrued expenses	47,963	3,804
Lease obligation	(25,693)	(24,156)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(82,488)</u>	<u>46,118</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(22,271)	(86,293)
Proceeds from sale of property and equipment	-	609
Proceeds from sale of donated boats	46,075	37,125
Purchase of investments	(471,601)	(743,341)
Proceeds from sale of investments	455,541	701,648
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>7,744</u>	<u>(90,252)</u>
<b>Cash Flows from Financing Activities</b>		
Principal payments on long-term debt	(11,102)	(10,624)
<b>Net Cash Used by Financing Activities</b>	<u>(11,102)</u>	<u>(10,624)</u>
<b>Net Decrease in Cash</b>	(85,846)	(54,758)
Cash at beginning of year	<u>129,886</u>	<u>184,644</u>
<b>Cash at End of Year</b>	<u>\$ 44,040</u>	<u>\$ 129,886</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 15,731</u>	<u>\$ 16,210</u>

See accompanying independent auditors' report and notes to financial statements.



## Notes to Financial Statements

# Maine Island Trail Association

### Note A - Nature of Activities

Maine Island Trail Association (the Association) is a non-profit corporation organized in Maine. The membership based organization manages access to, and stewardship of over 200 public and private islands and coastal sites along the Maine Island Trail, a 350-mile long waterway along the Maine coastline. The Association receives support from individuals, businesses, charitable organizations and certain Maine state agencies.

### Note B - Summary of Significant Accounting Policies

#### **Basis of Presentation**

The accompanying financial statements include a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows. The Association is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), and can be used for any purpose designated by the Association's governing board.

Net Assets with Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed restrictions.

#### **Cash and Cash Equivalents**

The Association considers cash in banks and all other highly liquid investments with a maturity of less than three months to be cash and cash equivalents for the purpose of cash flows. Cash residing within the Association's managed investment portfolios are reported as investments. The Association maintains its cash in bank deposit accounts, and at times balances may exceed federally insured limits. The Association has not experienced any losses in such accounts.

#### **Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions.

#### **Accounts Receivable**

Accounts receivable represents amounts due to the Association for services performed. Management uses the aging schedule methodology to determine uncollectible accounts receivable on a pooled basis where similar risk characteristics exist. The Association has evaluated past historical loss information, along with the credit worthiness of supporters and future forecasts, in determining the allowance for credit loss. Management has estimated no allowance was necessary as of September 30, 2024 and 2023.

## Notes to Financial Statements

### Maine Island Trail Association

#### Note B - Summary of Significant Accounting Policies - Continued

##### Promises to Give

Promises to give represent amounts due to the Association for unconditional promises, which are recognized as revenue in the period the promise is made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All promises to give at year end are collectible within one year. Management has deemed an allowance for uncollectible promises to give was not necessary as of September 30, 2024.

##### Property and Equipment

Property and equipment is stated at cost if purchased or at fair value if contributed. The Association's policy is to capitalize significant assets with a useful life of greater than one year and to expense repair and maintenance costs that do not extend the useful lives of the assets. Depreciation expense is calculated utilizing the straight-line method based on the estimated useful lives of the depreciable assets.

Property and equipment is depreciated over 3 to 39 years. Depreciation expense was \$61,616 and \$68,090 for the years ended September 30, 2024 and 2023, respectively.

##### Investments

The Association reports its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values, based on quoted market prices for identical equity and debt securities in active markets. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as an increase or decrease in net assets without donor restrictions if there are no donor restrictions, or as an increase or decrease in net assets with donor restrictions if there are donor-imposed restrictions that have not yet been met.

##### Contributed Nonfinancial Assets

As more fully described in Note L, amounts are reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which typically would be purchased if not provided by donation. The Association generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association with stewardship activities. Donated boats and materials are recorded at the fair value at the date of the gift. During the year ended September 30, 2024, boats, boat storage, services, and other items were donated to the Association. The value of those boats and materials was \$114,809 and were used primarily to further the Association's purpose.

## Notes to Financial Statements

# Maine Island Trail Association

### Note B - Summary of Significant Accounting Policies - Continued

#### **Revenue and Expense Recognition**

The financial statements of the Association have been prepared on the accrual basis of accounting. Revenues received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions.

When a restriction expires (that is, when a stipulated 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 Statement of Activities as net assets released from restrictions.

In accordance with ASC 606, the Association recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services.

Expenses are recognized as incurred. Expense amounts are allocated among the various programs on both a direct basis and according to a cost allocation basis. The Association accumulates indirect costs in management and general categories and then allocates these costs proportionate to the annual full time equivalent hours by program.

#### **Leases**

In accordance with ASC 842, the Association generally records lease assets and corresponding lease liabilities on the balance sheet and discloses key quantitative and qualitative information about its lease contracts.

For each of its lease contracts that at inception are identified to be within the scope of ASC 842, the Association initially measured at the present value of the unpaid lease payments, and a right of use (“ROU”) asset is initially measured at the amount of the lease liability, plus any initial direct costs and less incentives received. Subsequently, the lease liability is increased to reflect interest using the effective interest method and decreased for lease payments made. Finance lease ROU assets are amortized on a straight-line basis over the earlier of the useful life or lease term; operating lease ROU assets are amortized based on the difference between periodic straight-line lease cost and periodic interest accretion.

Operating lease expense is recognized on a straight-line basis over the lease term; any variable lease payments not included in the lease liability are recognized when incurred. Amortization on the ROU asset and interest on the outstanding lease liability are recorded annually for any finance leases.

## Notes to Financial Statements

# Maine Island Trail Association

### Note B - Summary of Significant Accounting Policies - Continued

#### Leases - Continued

In determining the lease term, the Association follows ASC 842-10-55-23 in assessing the length of the noncancellable period of a lease. At the commencement date, the Association assesses whether it is reasonably certain to exercise or not exercise any renewal option by considering all economic factors relevant to that assessment.

#### Comparative Data

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended September 30, 2023, from which the summarized information was derived. Certain prior year balances have been reclassified to conform with current year presentation.

#### Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported revenues, support and expenses. Actual results could vary from the estimates used.

#### Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting functions of the Association. Salaries and benefits are allocated based on time and effort. Certain other costs are allocated based on management's estimate of the appropriate allocations for each expense.

#### Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense was \$84 and \$1,003 for the years ended September 30, 2024 and 2023, respectively.

## Notes to Financial Statements

### Maine Island Trail Association

#### Note B - Summary of Significant Accounting Policies - Continued

##### New Accounting Pronouncement

On October 1, 2023, the Association adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including trade accounts receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

Management evaluated the impact of the new standard and determined there was no material impact on the financial statements and resulted in new and enhanced disclosures only.

#### Note C - Investments

At September 30, the fair market values of investments were as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 154,613	\$ 199,958
ETF - fixed income	29,491	25,196
ETF - other	452,947	355,435
Corporate and U.S. bonds	293,476	326,145
Equities	<u>1,244,720</u>	<u>875,541</u>
	<u>\$ 2,175,247</u>	<u>\$ 1,782,275</u>

Investment returns from the above investments for the year ended September 30, 2024 are summarized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 4,909	\$ 44,157	\$ 49,066
Net realized and unrealized gains on investments	<u>37,709</u>	<u>339,203</u>	<u>376,912</u>
	<u>\$ 42,618</u>	<u>\$ 383,360</u>	<u>\$ 425,978</u>

## Notes to Financial Statements

### Maine Island Trail Association

#### Note C - Investments - Continued

Investment returns from the above investments for the year ended September 30, 2023 are summarized as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 930	\$ 40,763	\$ 41,693
Net realized and unrealized gains on investments	<u>13,179</u>	<u>118,544</u>	<u>131,723</u>
	<u>\$ 14,109</u>	<u>\$ 159,307</u>	<u>\$ 173,416</u>

#### Note D - Fair Value Measurements

The Association adopted a framework for measuring fair values under generally accepted accounting principles and applies to all financial instruments that are measured and reported at fair value.

The framework for measuring fair value of financial assets and liabilities includes a hierarchy of three levels for observable independent market inputs and unobservable market assumptions. A description of the inputs used in the valuation of assets and liabilities under this hierarchy is as follows:

Level 1 – Quoted prices are available in active markets, such as the New York or American Stock Exchange markets, for identical investments as of the reporting date. Level 1 also includes U.S. Treasury and federal agency securities and mortgage-backed securities traded by brokers or dealers in active markets.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair values are obtained from third party pricing services that may use models or other valuation methodologies to derive market value. These may be investments traded in less active dealer or broker markets.

Level 3 – Pricing inputs are unobservable for investments and valuations are derived from other methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. The types of investments in this category would generally include debt and equity securities issued by private entities and partnerships.

## Notes to Financial Statements

### Maine Island Trail Association

#### Note D - Fair Value Measurements - Continued

The following summarizes fair values of investment assets by levels within the fair value hierarchy at September 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and cash equivalents	\$ 154,613	\$ -	\$ -	\$ 154,613
ETF - fixed income	29,491	-	-	29,491
ETF - Other	452,947	-	-	452,947
Corporate and U.S. bonds	293,476	-	-	293,476
Equities	<u>1,244,720</u>	<u>-</u>	<u>-</u>	<u>1,244,720</u>
Total investments	<u>\$ 2,175,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,175,247</u>

The following summarizes fair values of investment assets by levels within the fair value hierarchy at September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and cash equivalents	\$ 199,958	\$ -	\$ -	\$ 199,958
ETF - fixed income	25,196	-	-	25,196
ETF - Other	355,435	-	-	355,435
Corporate and U.S. bonds	326,145	-	-	326,145
Equities	<u>875,541</u>	<u>-</u>	<u>-</u>	<u>875,541</u>
Total investments	<u>\$ 1,782,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,782,275</u>

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment based on the lowest level of input that is significant to the fair value measurement. All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

## Notes to Financial Statements

### Maine Island Trail Association

#### Note E - Property and Equipment

Property and equipment consisted of the following as of September 30:

	<u>2024</u>	<u>2023</u>
Building - Prout Road	\$ 245,068	\$ 245,068
Land - Prout Road	203,552	203,552
Furniture and fixtures	39,838	39,045
Software	30,000	48,701
Buildings (islands)	42,094	40,824
Machinery and equipment	391,297	408,679
Leasehold improvements	<u>52,651</u>	<u>52,651</u>
	1,004,500	1,038,520
Less: accumulated depreciation	<u>(352,938)</u>	<u>(347,613)</u>
	<u>\$ 651,562</u>	<u>\$ 690,907</u>

#### Note F - Boats Held for Sale

At September 30, 2024, the Association had seven boats held for sale with an estimated value of \$90,570. When sold, the funds received from the sale of the property will be unrestricted to be used for general operations.

#### Note G - Endowment Funds

The Association has an endowment fund originating from numerous donor restricted gifts which are expendable for a specified purpose and as well as several that are not subject to appropriation or expenditure and the earnings on such gifts. Consistent with the intentions of the donors the income from the endowment assets will be used for the specific purposes attached to the gifts.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The funds are recorded at fair value and the principal is recorded as net assets with donor restrictions. Earnings and losses on these funds are considered restricted or unrestricted depending on donor intentions and are recorded as such.



## Notes to Financial Statements

### Maine Island Trail Association

#### Note G - Endowment Funds - Continued

The Association has interpreted the State of Maine Uniform Prudent Management of Institutional Funds Act (the Act), as requiring the preservation of the contributed value of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as donor-restricted net assets (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts to the endowment, and (3) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (4) any remaining portion of the donor-restricted endowment until such amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Board of Directors establishes policies and procedures concerning the management of endowment funds. These policies establish asset classes that are deemed suitable for investment of endowment funds, which currently include investments in money market accounts, certificates of deposits, mutual funds, fixed income securities, and equities balancing the desire for a return on investments with the security of conservative growth. Endowment funds are managed with a total return orientation that focuses on the production of income as well as maintaining and growing the real value of the endowment and its subsequent distributions. Any spending from the endowment funds is not to exceed 4% of the average three year trailing balance, unless and until changed by a vote of the full board.

Changes in endowment net assets for the year ended September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of period	\$ -	\$ 1,603,964	\$ 1,603,964
Contributions	-	21,057	21,057
Withdrawals	-	-	-
Investment income	-	44,157	44,157
Net realized and unrealized gains, net of investment management fees	-	339,203	339,203
Amounts appropriated for expenditure	-	-	-
Endowment net assets at end of period	<u>\$ -</u>	<u>\$ 2,008,381</u>	<u>\$ 2,008,381</u>

## Notes to Financial Statements

### Maine Island Trail Association

#### Note G - Endowment Funds - Continued

Changes in endowment net assets for the year ended September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of period	\$ -	\$ 1,447,898	\$ 1,447,898
Contributions	-	1,000	1,000
Withdrawals	-	-	-
Investment income	-	37,522	37,522
Net realized and unrealized gains, net of investment management fees	-	118,544	118,544
Amounts appropriated for expenditure	-	(1,000)	(1,000)
Endowment net assets at end of period	<u>\$ -</u>	<u>\$ 1,603,964</u>	<u>\$ 1,603,964</u>

#### Note H - Long-Term Debt

Long-term debt consisted of the following at September 30:

	<u>2024</u>	<u>2023</u>
Note payable to a bank in monthly principal and interest payments of \$2,236 through June 2042. The note bears interest at 4.75% for the first 10 years of the loan and at the current Wall Street Journal Prime Rate plus 2.00% for the final 10 years. The note is secured by real estate.	\$ 319,731	\$ 330,833
Less: current portion	<u>11,693</u>	<u>11,102</u>
Long-term debt, net of current portion	<u>\$ 308,038</u>	<u>\$ 319,731</u>

## Notes to Financial Statements

### Maine Island Trail Association

#### Note H - Long-Term Debt - Continued

Principal maturities of long-term debt in subsequent years from September 30, 2024 are as follows:

2025	\$	11,693
2026		12,269
2027		12,873
2028		13,469
2029		14,170
Thereafter		<u>255,257</u>
	\$	<u>319,731</u>

#### Note I - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at September 30:

	<u>2024</u>	<u>2023</u>
<i>Subject to expenditure for specified purpose:</i>		
Stewardship activities	\$ 1,108,182	\$ 724,821
Community access	-	2,421
Flat traps	-	9,162
Boat shop	21,780	33,265
<i>Not subject to appropriation or expenditure:</i>		
Stewardship endowment	<u>900,199</u>	<u>879,143</u>
Total net assets with donor restrictions	<u>\$ 2,030,161</u>	<u>\$ 1,648,812</u>

## Notes to Financial Statements

### Maine Island Trail Association

#### Note J - Liquidity and Availability

Financial assets consist of the Association's cash, accounts receivable, promises to give, and investments. The following reflects the Association's financial assets as of September 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Financial Position.

	<u>2024</u>	<u>2023</u>
Financial assets, at year end	\$ 2,277,805	\$ 1,938,559
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions</i>		
Stewardship activities	(1,108,182)	(724,821)
Community access	-	(2,421)
Flat traps	-	(9,162)
Boat shop	(21,780)	(33,265)
Stewardship endowment	<u>(900,199)</u>	<u>(879,143)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 247,644</u>	<u>\$ 289,747</u>

The Association's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in 2025. The Association is substantially supported by contributions and membership dues. The Association actively manages its cash flow to ensure funds are available for general expenditures, liabilities, and other obligations as they come due.

## Notes to Financial Statements

### Maine Island Trail Association

#### Note K - Revenue Recognition

##### Disaggregation of Revenue

The following table shows the Association's contract revenue disaggregated according to product type/revenue stream and the timing of transfer of goods or services at September 30:

	<u>2024</u>	<u>2023</u>
<i>Revenue Recognized at a Point in Time</i>		
Guidebook	\$ 59,130	\$ 49,335
Total revenue recognized at a point in time	59,130	49,335
<i>Revenue Recognized Over Time</i>		
Casco Bay Caretaker	40,000	40,000
Island Stewardship	35,000	35,000
Total revenue recognized over time	75,000	75,000
Total Revenue from Contracts with Customers	<u>\$ 134,130</u>	<u>\$ 124,335</u>

##### Contract Assets and Contract Liabilities

In accordance with FASB ASC 606-10-50, the Association has considered the need to record contract assets and contract liabilities from contracts with its customers. No such balances exist as of September 30, 2024 and 2023.

##### Receivables

The Association has accounts receivable from contracts with customers of \$0 and \$443 at September 30, 2024 and 2023, respectively.

##### Performance Obligations

The Association generates revenue from its grants from state agencies. Revenue is recognized over time as work is performed and the benefits are received.

The Association generates revenue at a point in time from the sale of its annual guidebook. Revenue is recognized at the point of sale.

There are no credit terms extended to certain customers based on credit worthiness.

## Notes to Financial Statements

### Maine Island Trail Association

#### Note K - Revenue Recognition - Continued

##### Performance Obligations - Continued

Management has determined that there are no significant warranties or return, refund, or discount obligations related to contracts with its customers.

The Association has no significant shipping and handling costs.

##### Transaction Price Allocated to Remaining Performance Obligations

In accordance with ASC 606-10-50-14 management has elected not to disclose certain information about the Association's remaining performance obligations. All such obligations relate to contracts that are for services with remaining terms of less than one year, with an original duration of one year or less, and contain no variable consideration.

##### Significant Judgments

The Association has considered a number of factors in determining that applying ASC 606 to a portfolio of similar contracts will not result in a materially different outcome compared to individually accounting for the contracts.

##### Financing Components

The Association's contracts with customers contain no significant financing components.

#### Note L - Contributed Nonfinancial Assets

For the years ended September 30, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2024</u>	<u>2023</u>
Boats	\$ 110,925	\$ 40,980
Contract services	527	1,507
Venue rental	570	950
Mileage	1,408	1,196
Event supplies	500	316
Meals	451	-
Small equipment and supplies	428	1,049
	<u>\$ 114,809</u>	<u>\$ 45,998</u>

## Notes to Financial Statements

### Maine Island Trail Association

#### Note L - Contributed Nonfinancial Assets - Continued

The Association recognized contributed nonfinancial assets within revenue, including contributed boats, contracted services, venue rental, mileage, event supplies, advertising, and small equipment and supplies. Some donated boats were restricted by donors to be sold, the value of donated boats to be held for sale in the year ending September 30, 2024 was \$90,570.

The contributed contract services comprise construction services for Prout Road improvements and boat storage. These services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Contributed rentals, mileage, meals, and supplies were used for stewardship activities. In valuing these items, the Association estimated the fair value basis based on current prices.

#### Note M - Retirement Plan

The Association maintains a simplified employee pension (SEP) plan which covers substantially all employees. The plan calls for the Association to contribute 5% of each eligible employee's annual salary. The contributions for the years ended September 30, 2024 and 2023 were \$32,454 and \$26,762, respectively.

#### Note N - Leases

The organization has one operating lease for a building through December 31, 2026.

The Organization has elected the following practical expedients for all relevant leases:

- Not to recognize short-term leases (twelve months or less) on its balance sheet; lease expense for any such agreements is recorded on a straight-line basis;
- Not to separate lease components and non-lease components; and
- To use the risk-free discount rate of return.

The Organization has determined that none of its contracts include finance leases.

The Organization has determined that none of its contracts include short-term (including month to month) operating lease obligations.

The Organization has determined that none of its leases include variable rental payments.

## Notes to Financial Statements

### Maine Island Trail Association

#### Note N - Leases - Continued

Management has concluded that the renewal option in the lease agreement is not reasonably certain of being exercised, and thus, consistent with ASC 842, renewal periods will be excluded in the terms of the contract.

Operating lease right of use asset and lease liability as of September 30, 2024 were as follows:

Right of use assets:	
Operating lease asset	\$ <u>63,703</u>
Lease liabilities:	
Current operating lease liability	\$ 28,008
Non-current operating lease liability	<u>38,202</u>
Total lease liabilities	<u>\$ 66,210</u>

Operating lease cost for the leasing activity of the organization for the year ended September 30, 2024 was \$29,846 and has been reported in the Statement of Functional Expenses.

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of September 30, 2024, and a reconciliation of operating lease liabilities reported on the balance sheet:

2025	\$ 30,181
2026	31,087
2027	<u>8,393</u>
Total lease payments	69,661
Less interest	<u>3,451</u>
Present value of lease liability	<u>\$ 66,210</u>

At September 30, 2024, the remaining lease term is 2.25 years and the risk free discount rate is 4.25%.

#### Note O - Income Taxes

The Association qualifies as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and files a Form 990 tax return. With a few exceptions, the Association is no longer subject to U.S. federal income tax examinations by tax authorities for years prior to 2021 due to the statute of limitations. The Association has adopted the provisions of FASB ASC, *Income Taxes*. Management of the Association believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits.



## **Notes to Financial Statements**

### **Maine Island Trail Association**

#### **Note P - Subsequent Events**

Management has made an evaluation of subsequent events to and including April 24, 2025, which was the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.