

Financial Statements



September 30, 2025

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Maine Island Trail Association

September 30, 2025

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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, 2025, 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, 2025, 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 24, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Purdy Powers & Company

Professional Association

Portland, Maine
May 13, 2026

Statement of Financial Position

Maine Island Trail Association

As of September 30, 2025

(with comparative totals for September 30, 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash	\$ 14,865	\$ 44,040
Receivable from sale of boat	10,000	-
Promises to give	65,505	58,518
Prepaid expenses	24,706	52,204
Boats held for sale	19,410	90,570
Total Current Assets	<u>134,486</u>	<u>245,332</u>
Property and Equipment, net	620,868	651,562
Other Assets		
Receivable from sale of boat, net of current portion	10,000	-
Investments	2,332,011	2,175,247
Right of use asset	36,030	63,703
Security deposits	2,424	2,424
Total Other Assets	<u>2,380,465</u>	<u>2,241,374</u>
Total Assets	<u>\$ 3,135,819</u>	<u>\$ 3,138,268</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 24,840	\$ 37,235
Accrued expenses	36,939	78,195
Current portion of lease obligation	30,113	28,008
Current portion of long-term debt	12,269	11,693
Total Current Liabilities	<u>104,161</u>	<u>155,131</u>
Long-Term Liabilities		
Lease obligation, net of current portion	8,384	38,202
Long-term debt, net of current portion	295,672	308,038
Total Long-Term Liabilities	<u>304,056</u>	<u>346,240</u>
Total Liabilities	408,217	501,371
Net Assets		
Without donor restrictions	559,766	606,736
With donor restrictions	2,167,836	2,030,161
Total Net Assets	<u>2,727,602</u>	<u>2,636,897</u>
Total Liabilities and Net Assets	<u>\$ 3,135,819</u>	<u>\$ 3,138,268</u>

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

Statement of Activities

Maine Island Trail Association

For the Year Ended September 30, 2025

(with comparative totals for the year ended September 30, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Other Support				
Membership dues	\$ 151,438	\$ -	\$ 151,438	\$ 143,945
Contributions	643,893	49,847	693,740	667,987
Contributions of nonfinancial assets	56,719	-	56,719	114,809
Sponsorships	92,664	-	92,664	97,474
Events	116,928	-	116,928	106,950
Grants	173,015	-	173,015	223,900
Interest and dividend income	3,289	40,819	44,108	49,066
Net assets released from restriction	132,406	(132,406)	-	-
Total Revenues and Other Support	1,370,352	(41,740)	1,328,612	1,404,131
Expenses				
Program services	1,077,376	-	1,077,376	1,148,936
Management and general	98,824	-	98,824	106,322
Fundraising	278,198	-	278,198	276,891
Total Expenses	1,454,398	-	1,454,398	1,532,149
Revenues Over (Under) Expenses	(84,046)	(41,740)	(125,786)	(128,018)
Other Income				
Gain on sale of boats	21,540	-	21,540	2,260
Net realized and unrealized investment gains	15,536	179,415	194,951	376,912
Total Other Income	37,076	179,415	216,491	379,172
Increase (Decrease) in Net Assets	(46,970)	137,675	90,705	251,154
Net assets at beginning of year	606,736	2,030,161	2,636,897	2,385,743
Net Assets at End of Year	\$ 559,766	\$ 2,167,836	\$ 2,727,602	\$ 2,636,897

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

Statement of Functional Expenses

Maine Island Trail Association

For the Year Ended September 30, 2025

(with comparative totals for the year ended September 30, 2024)

	2025				2024
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 569,087	\$ 60,703	\$ 128,993	\$ 758,783	\$ 737,718
Retirement benefits	18,596	1,984	4,215	24,795	32,454
Other employee benefits	64,931	6,926	14,718	86,575	91,581
Payroll taxes	47,468	5,063	10,759	63,290	59,106
Accounting and legal	10,875	1,160	2,465	14,500	10,000
Contract services	30,924	3,155	29,030	63,109	94,119
Advertising	1,119	-	-	1,119	84
Supplies	40,475	2,381	4,762	47,618	52,065
Information technology	41,533	2,932	4,398	48,863	50,055
Occupancy	37,941	2,833	5,835	46,609	66,343
Travel	17,023	362	3,312	20,697	24,480
Conferences and conventions	5,726	2,291	30,159	38,176	36,582
Interest	15,044	-	-	15,044	15,731
Depreciation	51,568	2,714	-	54,282	61,616
Insurance	43,126	4,700	7,464	55,290	47,222
Printing and reproduction	47,043	577	10,101	57,721	61,863
Postage	18,189	189	6,797	25,175	32,441
Repairs and maintenance	7,876	-	1,177	9,053	26,790
Promo items	2,425	-	12,732	15,157	27,164
Meals and entertainment	6,407	854	1,281	8,542	4,735
Total Expenses	\$ 1,077,376	\$ 98,824	\$ 278,198	\$ 1,454,398	\$ 1,532,149

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

Statement of Cash Flows

Maine Island Trail Association

For the Year Ended September 30, 2025

(with comparative totals for the year ended September 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 90,705	\$ 251,154
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	54,282	61,616
Right of use amortization	27,674	26,524
Non-cash contribution of property	(37,320)	(110,925)
Gain on sale of boats	(21,540)	(2,260)
Net realized and unrealized gain on investments	(194,951)	(376,912)
(Increase) decrease in operating assets:		
Accounts receivable	-	443
Receivable from sale of boat	(20,000)	-
Promises to give	(6,987)	(32,563)
Bequest receivable	-	40,000
Prepaid expenses	27,498	20,000
Increase (decrease) in operating liabilities:		
Accounts payable	(12,395)	18,165
Accrued expenses	(41,256)	47,963
Lease obligation	(27,714)	(25,693)
Net Cash Used by Operating Activities	<u>(162,004)</u>	<u>(82,488)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(23,588)	(22,271)
Proceeds from sale of donated boats	130,020	46,075
Purchase of investments	(774,868)	(471,601)
Proceeds from sale of investments	813,055	455,541
Net Cash Provided by Investing Activities	<u>144,619</u>	<u>7,744</u>
Cash Flows from Financing Activities		
Principal payments on long-term debt	(11,790)	(11,102)
Net Cash Used by Financing Activities	<u>(11,790)</u>	<u>(11,102)</u>
Net Decrease in Cash	(29,175)	(85,846)
Cash at beginning of year	44,040	129,886
Cash at End of Year	<u>\$ 14,865</u>	<u>\$ 44,040</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 15,044</u>	<u>\$ 15,731</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 customers' financial condition, current economic conditions, and future forecasts, in determining the allowance for credit losses.

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, 2025 and 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 \$54,282 and \$61,616 for the years ended September 30, 2025 and 2024, 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, 2025, boats, boat storage, services, and other items were donated to the Association. The value of those boats and materials was \$56,719 and were used 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 Statement of Financial Position 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 determines the proper classification as either an operating or a finance lease. A lease liability is 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 an 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 costs 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, 2024, from which the summarized information was derived.

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

Management's allocation of functional expenses is based upon the identification of natural categories, as well as employee time and effort tracking, square footage for occupancy costs, and other appropriate methodologies to allocate amounts between program service, management and general, and fundraising costs.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense was \$1,119 and \$84 for the years ended September 30, 2025 and 2024, respectively.

Notes to Financial Statements

Maine Island Trail Association

Note C - Investments

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

	<u>2025</u>	<u>2024</u>
Money market	\$ 166,750	\$ 154,613
ETF - fixed income	29,458	29,491
ETF - other	397,094	452,947
Corporate and U.S. bonds	329,346	293,476
Equities	<u>1,409,363</u>	<u>1,244,720</u>
	<u>\$ 2,332,011</u>	<u>\$ 2,175,247</u>

Investment returns from the above investments for the year ended September 30, 2025 are summarized as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 3,289	\$ 40,819	\$ 44,108
Net realized and unrealized gains on investments	<u>15,536</u>	<u>179,415</u>	<u>194,951</u>
	<u>\$ 18,825</u>	<u>\$ 220,234</u>	<u>\$ 239,059</u>

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

	Without Donor <u>Restrictions</u>	With Donor <u>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 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.

The following summarizes fair values of investment assets by levels within the fair value hierarchy at September 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ 166,750	\$ -	\$ -	\$ 166,750
ETF - fixed income	29,458	-	-	29,458
ETF - Other	397,094	-	-	397,094
Corporate and U.S. bonds	329,346	-	-	329,346
Equities	1,409,363	-	-	1,409,363
	<u>\$ 2,332,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,332,011</u>

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:				
Money market	\$ 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>
	<u>\$ 2,175,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,175,247</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.

Note E - Property and Equipment

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

	<u>2025</u>	<u>2024</u>
Building - Prout Road	\$ 245,068	\$ 245,068
Land - Prout Road (non-depreciable)	203,552	203,552
Furniture and fixtures	39,838	39,838
Software	30,000	30,000
Buildings (islands)	42,094	42,094
Machinery and equipment	410,885	391,297
Leasehold improvements	52,651	52,651
Construction in progress (non-depreciable)	<u>4,000</u>	<u>-</u>
	1,028,088	1,004,500
Less: accumulated depreciation	<u>(407,220)</u>	<u>(352,938)</u>
	<u>\$ 620,868</u>	<u>\$ 651,562</u>

Notes to Financial Statements

Maine Island Trail Association

Note F - Boats Held for Sale

At September 30, 2025, the Association had seven boats held for sale with an estimated value of \$19,410. 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 endowment funds established for a number of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. 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.

The State of Maine has adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). In accordance with UPMIFA, 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.

Notes to Financial Statements

Maine Island Trail Association

Note G - Endowment Funds - Continued

Changes in endowment net assets for the year ended September 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of period	\$ -	\$ 2,008,381	\$ 2,008,381
Contributions	-	41,847	41,847
Withdrawals	-	-	-
Investment income	-	40,819	40,819
Net realized and unrealized gains, net of investment management fees	-	179,415	179,415
Amounts appropriated for expenditure	-	(124,406)	(124,406)
Endowment net assets at end of period	<u>\$ -</u>	<u>\$ 2,146,056</u>	<u>\$ 2,146,056</u>

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 or 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 H - Long-Term Debt

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

	<u>2025</u>	<u>2024</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.	\$ 307,941	\$ 319,731
Less: current portion	<u>12,269</u>	<u>11,693</u>
Long-term debt, net of current portion	<u>\$ 295,672</u>	<u>\$ 308,038</u>

Principal maturities of long-term debt in subsequent years from September 30, 2025 are as follows:

2026	\$ 12,269
2027	12,873
2028	13,469
2029	14,170
2030	14,868
Thereafter	<u>240,292</u>
	<u>\$ 307,941</u>

Note I - Net Assets with Donor Restrictions

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

	<u>2025</u>	<u>2024</u>
<i>Subject to expenditure for specified purpose:</i>		
Stewardship activities – unappropriated earnings	\$ 1,225,066	\$ 1,108,182
Boat shop	<u>21,780</u>	<u>21,780</u>
	1,246,846	1,129,962
<i>Not subject to appropriation or expenditure:</i>		
Stewardship endowment	<u>920,990</u>	<u>900,199</u>
Total net assets with donor restrictions	<u>\$ 2,167,836</u>	<u>\$ 2,030,161</u>

Notes to Financial Statements

Maine Island Trail Association

Note J - Liquidity and Availability

Financial assets consist of the Association's cash, other 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>2025</u>	<u>2024</u>
Financial assets, at year end	\$ 2,432,381	\$ 2,277,805
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions</i>		
Stewardship activities – unappropriated earnings	(1,328,416)	(1,108,182)
Boat shop	(21,780)	(21,780)
Stewardship endowment	<u>(920,990)</u>	<u>(900,199)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 161,195</u>	<u>\$ 247,644</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 2026. 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>2025</u>	<u>2024</u>
<i>Revenue Recognized at a Point in Time</i>		
Guidebook	\$ 57,600	\$ 59,130
Total revenue recognized at a point in time	57,600	59,130
 <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>\$ 132,600</u>	<u>\$ 134,130</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, 2025 and 2024.

Receivables

The Association has no accounts receivable from contracts with customers at September 30, 2025 and 2024.

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.

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.

Notes to Financial Statements

Maine Island Trail Association

Note K - Revenue Recognition - Continued

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>2025</u>	<u>2024</u>
Boats	\$ 36,560	\$ 110,925
Contract services	6,581	527
Venue rental	8,000	570
Mileage	621	1,408
Event supplies	-	500
Meals	-	451
Advertising	1,000	-
Small equipment and supplies	3,957	428
	<u>\$ 56,719</u>	<u>\$ 114,809</u>

The Association recognized contributed nonfinancial assets within revenue, including contributed boats, contract services, venue rental, mileage, advertising, and small equipment and supplies. Certain donated boats in the year were restricted by donors to be sold, the value of donated boats to be held for sale as of September 30, 2025 was \$19,410.

Notes to Financial Statements

Maine Island Trail Association

Note L - Contributed Nonfinancial Assets - Continued

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, advertising, 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, 2025 and 2024 were \$24,795 and \$32,454, 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.

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.

Notes to Financial Statements

Maine Island Trail Association

Note N - Leases - Continued

Operating lease right of use asset and lease obligation as of September 30, 2025 were as follows:

Right of use assets:	
Operating lease asset	\$ <u>36,030</u>
Lease obligations:	
Current operating lease obligation	\$ 30,113
Non-current operating lease obligation	<u>8,384</u>
Total lease obligation	<u>\$ 38,497</u>

Operating lease cost for the leasing activity of the organization for the year ended September 30, 2025 was \$29,886 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, 2025, and a reconciliation of operating lease liabilities reported on the balance sheet:

2026	\$ 31,086
2027	<u>8,689</u>
Total lease payments	39,775
Less: interest	<u>1,278</u>
Present value of lease obligation	<u>\$ 38,497</u>

At September 30, 2025, the remaining lease term is 1.25 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 2022 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.

Note P - Subsequent Events

Management has made an evaluation of subsequent events to and including May 13, 2026, 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.