




# Island Institute

FINANCIAL STATEMENTS

June 30, 2025 and 2024

With Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Island Institute

### Opinion

We have audited the accompanying financial statements of Island Institute (the Institute), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

### Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP; 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 Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS 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 U.S. GAAS, 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 Institute'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 Institute'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.

*BMP Assurance, LLP*

Bangor, Maine  
February 24, 2026

**ISLAND INSTITUTE**

**Statements of Financial Position**

**June 30, 2025 and 2024**

**ASSETS**

	<u>2025</u>	<u>2024</u>
Current assets		
Cash and cash equivalents	\$ 4,400,014	\$ 2,246,275
Accounts receivable, net	255,731	398,251
Notes receivable, current portion	13,976	35,475
Pledges and grants receivable, current portion	951,015	546,325
Prepaid expenses and deferred costs	164,750	183,180
Inventory	<u>231,749</u>	<u>337,102</u>
Total current assets	<u>6,017,235</u>	<u>3,746,608</u>
Other assets		
Long-term investments	32,038,985	30,714,705
Beneficial interest in perpetual trust	2,116,423	2,006,988
Pledges and grants receivable, non-current portion, net	818,808	236,686
Notes receivable, non-current portion	68,340	64,281
Cash surrender value of life insurance policy	-	556,518
Other	25,425	77,845
Right-of-use operating lease assets	<u>74,351</u>	<u>116,663</u>
Total other assets	<u>35,142,332</u>	<u>33,773,686</u>
Property and equipment		
Land and buildings	2,299,558	2,299,558
Boats	76,918	76,918
Electronic equipment	809,526	809,526
Furniture and fixtures	<u>202,349</u>	<u>202,349</u>
Total property and equipment	3,388,351	3,388,351
Less accumulated depreciation	<u>2,611,325</u>	<u>2,515,044</u>
Net property and equipment	<u>777,026</u>	<u>873,307</u>
Total assets	<u>\$ 41,936,593</u>	<u>\$ 38,393,601</u>

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The accompanying notes are an integral part of these financial statements.

## LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
Current liabilities		
Accounts payable	\$ 252,113	\$ 338,760
Accrued payroll	509,461	488,803
Deferred revenue	9,536	11,818
Current portion of operating lease liabilities	<u>18,105</u>	<u>42,233</u>
Total current liabilities	789,215	881,614
Non-current liabilities		
Long-term debt, net of current portion	100,000	100,000
Operating lease liabilities, net of current portion	<u>55,942</u>	<u>74,047</u>
Total liabilities	<u>945,157</u>	<u>1,055,661</u>
Net assets		
Without donor restrictions		
Undesignated	2,386,228	1,538,376
Board-designated endowment	13,646,797	13,363,911
Net investment in property and equipment	<u>702,979</u>	<u>757,027</u>
Total net assets without donor restrictions	16,736,004	15,659,314
With donor restrictions	<u>24,255,432</u>	<u>21,678,626</u>
Total net assets	<u>40,991,436</u>	<u>37,337,940</u>
Total liabilities and net assets	\$ <u>41,936,593</u>	\$ <u>38,393,601</u>

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**ISLAND INSTITUTE**

**Statements of Activities**

**Years Ended June 30, 2025 and 2024**

	2025			2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue						
Support						
Grants	\$ -	\$ 943,399	\$ 943,399	\$ -	\$ 465,816	\$ 465,816
Contributions	2,536,184	4,432,246	6,968,430	2,383,354	3,077,742	5,461,096
Employee Retention Tax Credit (ERTC) income	768,081	-	768,081	-	-	-
Gifts in-kind	13,760	-	13,760	-	-	-
Total support	<b>3,318,025</b>	<b>5,375,645</b>	<b>8,693,670</b>	<b>2,383,354</b>	<b>3,543,558</b>	<b>5,926,912</b>
Revenue						
Publications	44,231	-	44,231	52,198	-	52,198
Sponsorships	5,000	-	5,000	-	-	-
Earned income	149,551	-	149,551	151,420	-	151,420
Archipelago store sales	726,040	-	726,040	713,034	-	713,034
Net investment income, excluding unrealized gain	727,608	856,251	1,583,859	532,740	591,638	1,124,378
Change in beneficial interest in perpetual trust	-	109,435	109,435	-	97,856	97,856
Other income	70,315	-	70,315	84,872	-	84,872
Total revenue	<b>1,722,745</b>	<b>965,686</b>	<b>2,688,431</b>	<b>1,534,264</b>	<b>689,494</b>	<b>2,223,758</b>
Net assets released from restrictions	<b>5,012,434</b>	<b>(5,012,434)</b>	<b>-</b>	<b>3,070,108</b>	<b>(3,070,108)</b>	<b>-</b>
Total support and revenue	<b>10,053,204</b>	<b>1,328,897</b>	<b>11,382,101</b>	<b>6,987,726</b>	<b>1,162,944</b>	<b>8,150,670</b>
Operating expenses						
Program services						
Center for Maine Economy	1,884,224	-	1,884,224	1,100,705	-	1,100,705
Center for Climate and Community	1,014,748	-	1,014,748	992,116	-	992,116
Center for Sustainable Communities	1,844,392	-	1,844,392	2,137,878	-	2,137,878
Retail and Gallery	1,009,545	-	1,009,545	1,027,605	-	1,027,605
Program Impacts and Glenn Fund	1,273,703	-	1,273,703	1,521,791	-	1,521,791
Brand Awareness	866,892	-	866,892	870,770	-	870,770
Total program services	<b>7,893,504</b>	<b>-</b>	<b>7,893,504</b>	<b>7,650,865</b>	<b>-</b>	<b>7,650,865</b>

The accompanying notes are an integral part of these financial statements.

**ISLAND INSTITUTE**

**Statements of Activities (Concluded)**

**Years Ended June 30, 2025 and 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Supporting services						
General and administrative	284,518	-	284,518	225,890	-	225,890
Philanthropy	<u>1,247,285</u>	<u>-</u>	<u>1,247,285</u>	<u>1,537,416</u>	<u>-</u>	<u>1,537,416</u>
Total supporting services	<u>1,531,803</u>	<u>-</u>	<u>1,531,803</u>	<u>1,763,306</u>	<u>-</u>	<u>1,763,306</u>
Total operating expenses	<u>9,425,307</u>	<u>-</u>	<u>9,425,307</u>	<u>9,414,171</u>	<u>-</u>	<u>9,414,171</u>
Total change in net assets from operations	<u>627,897</u>	<u>1,328,897</u>	<u>1,956,794</u>	<u>(2,426,445)</u>	<u>1,162,944</u>	<u>(1,263,501)</u>
Non-operating (expense) income						
Life insurance transfer	(556,518)	-	(556,518)	-	-	-
Unrealized gain on investments	<u>1,005,311</u>	<u>1,247,909</u>	<u>2,253,220</u>	<u>1,401,137</u>	<u>1,556,042</u>	<u>2,957,179</u>
Total non-operating income	<u>448,793</u>	<u>1,247,909</u>	<u>1,696,702</u>	<u>1,401,137</u>	<u>1,556,042</u>	<u>2,957,179</u>
Total change in net assets	<u>1,076,690</u>	<u>2,576,806</u>	<u>3,653,496</u>	<u>(1,025,308)</u>	<u>2,718,986</u>	<u>1,693,678</u>
Net assets, beginning of year	<u>15,659,314</u>	<u>21,678,626</u>	<u>37,337,940</u>	<u>16,684,622</u>	<u>18,959,640</u>	<u>35,644,262</u>
Net assets, end of year	<u>\$ 16,736,004</u>	<u>\$ 24,255,432</u>	<u>\$ 40,991,436</u>	<u>\$ 15,659,314</u>	<u>\$ 21,678,626</u>	<u>\$ 37,337,940</u>

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The accompanying notes are an integral part of these financial statements.

**ISLAND INSTITUTE**

**Statement of Functional Expenses**

**Year Ended June 30, 2025**

	Program Services							Supporting Services			Total
	Center for Marine Economy	Center for Climate and Community	Sustainable Communities	Retail and Gallery	Program Impacts and Glenn Fund	Brand Awareness	Total Program Services	General and Administrative	Philanthropy	Total Supporting Services	
Personnel expenses	\$ 1,169,868	\$ 789,468	\$ 1,086,788	\$ 365,369	\$ 598,358	\$ 313,662	\$ 4,323,513	\$ 867,731	\$ 953,264	\$ 1,820,995	\$ 6,144,508
Professional expenses	106,998	-	1,500	4,936	190,434	151,954	455,822	216,224	11,391	227,615	683,437
Printing and publications	875	-	1,563	-	17,631	138,337	158,406	28	24,447	24,475	182,881
Cost of goods sold	-	-	-	409,425	-	-	409,425	-	-	-	409,425
Internships, scholarships, and awarded grants	222,311	43,729	193,235	-	245,200	-	704,475	-	-	-	704,475
General operating	40,094	26,168	163,343	57,289	20,519	86,646	394,059	113,228	45,047	158,275	552,334
Special events, meetings, and programs	11,805	1,839	42,441	1,270	2,270	295	59,920	49,917	9,267	59,184	119,104
Bank fees	-	-	-	35,007	525	-	35,532	2,463	9,470	11,933	47,465
Miscellaneous expenses	797	-	459	-	437	-	1,693	4,252	823	5,075	6,768
Building supplies and other operating expenses	-	-	-	-	-	-	-	128,749	-	128,749	128,749
Equipment and IT expenses	3,598	8,086	18,214	12,875	28,880	36,595	108,248	183,415	17,225	200,640	308,888
Non-employee expenses	12,288	11,888	16,398	-	-	214	40,788	100	104	204	40,992
Program support services allocation	<u>135,760</u>	<u>36,465</u>	<u>128,795</u>	<u>58,923</u>	<u>34,406</u>	<u>4,572</u>	<u>398,921</u>	<u>(446,460)</u>	<u>47,539</u>	<u>(398,921)</u>	<u>-</u>
Total expenses before depreciation and indirect allocation	<u>1,704,394</u>	<u>917,643</u>	<u>1,652,736</u>	<u>945,094</u>	<u>1,138,660</u>	<u>732,275</u>	<u>7,090,802</u>	<u>1,119,647</u>	<u>1,118,577</u>	<u>2,238,224</u>	<u>9,329,026</u>
Depreciation	<u>17,590</u>	<u>9,471</u>	<u>17,057</u>	<u>9,754</u>	<u>11,752</u>	<u>7,557</u>	<u>73,181</u>	<u>11,555</u>	<u>11,545</u>	<u>23,100</u>	<u>96,281</u>
Total expenses before indirect allocation	<u>1,721,984</u>	<u>927,114</u>	<u>1,669,793</u>	<u>954,848</u>	<u>1,150,412</u>	<u>739,832</u>	<u>7,163,983</u>	<u>1,131,202</u>	<u>1,130,122</u>	<u>2,261,324</u>	<u>9,425,307</u>
Indirect allocation	<u>162,240</u>	<u>87,634</u>	<u>174,599</u>	<u>54,697</u>	<u>123,291</u>	<u>127,060</u>	<u>729,521</u>	<u>(846,684)</u>	<u>117,163</u>	<u>(729,521)</u>	<u>-</u>
Total expenses	<u>\$ 1,884,224</u>	<u>\$ 1,014,748</u>	<u>\$ 1,844,392</u>	<u>\$ 1,009,545</u>	<u>\$ 1,273,703</u>	<u>\$ 866,892</u>	<u>\$ 7,893,504</u>	<u>\$ 284,518</u>	<u>\$ 1,247,285</u>	<u>\$ 1,531,803</u>	<u>\$ 9,425,307</u>

The accompanying notes are an integral part of these financial statements.

**ISLAND INSTITUTE**

**Statement of Functional Expenses**

**Year Ended June 30, 2024**

	Program Services							Supporting Services			Total
	Center for Marine Economy	Center for Climate and Community	Sustainable Communities	Retail and Gallery	Program Impacts and Glenn Fund	Brand Awareness	Total Program Services	General and Administrative	Philanthropy	Total Supporting Services	
Personnel expenses	\$ 657,309	\$ 747,594	\$ 1,289,866	\$ 356,321	\$ 646,797	\$ 298,348	\$ 3,996,235	\$ 1,017,943	\$ 1,103,478	\$ 2,121,421	\$ 6,117,656
Professional expenses	138,350	7,500	950	11,636	92,573	122,055	373,064	193,555	488	194,043	567,107
Printing and publications	212	114	161	729	126	191,034	192,376	771	34,005	34,776	227,152
Cost of goods sold	-	-	-	448,274	-	-	448,274	-	-	-	448,274
Internships, scholarships, and awarded grants	54,255	-	201,526	-	445,424	8,250	709,455	26,248	-	26,248	735,703
General operating	27,267	39,783	180,462	60,512	20,132	92,612	420,768	74,078	39,721	113,799	534,567
Special events, meetings, and programs	6,580	14,832	26,592	4,280	1,221	3,704	57,209	41,360	55,574	96,934	154,143
Bank fees	11	-	6	29,318	100	594	30,029	2,079	12,042	14,121	44,150
Miscellaneous expenses	1,097	140	359	-	238	-	1,834	3,754	5,075	8,829	10,663
Building supplies and other operating expenses	-	-	-	2,251	-	-	2,251	150,535	-	150,535	152,786
Equipment and IT expenses	3,174	5,238	10,258	7,963	29,008	42,885	98,526	182,400	18,927	201,327	299,853
Non-employee expenses	8,790	750	11,562	-	723	416	22,241	562	1,441	2,003	24,244
Program support services allocation	<u>38,245</u>	<u>22,172</u>	<u>70,354</u>	<u>4,924</u>	<u>30,986</u>	<u>(82,074)</u>	<u>84,607</u>	<u>(104,106)</u>	<u>19,499</u>	<u>(84,607)</u>	<u>-</u>
Total expenses before depreciation and indirect allocation	935,290	838,123	1,792,096	926,208	1,267,328	677,824	6,436,869	1,589,179	1,290,250	2,879,429	9,316,298
Depreciation	<u>9,826</u>	<u>8,805</u>	<u>18,827</u>	<u>9,730</u>	<u>13,314</u>	<u>7,121</u>	<u>67,623</u>	<u>16,695</u>	<u>13,555</u>	<u>30,250</u>	<u>97,873</u>
Total expenses before indirect allocation	945,116	846,928	1,810,923	935,938	1,280,642	684,945	6,504,492	1,605,874	1,303,805	2,909,679	9,414,171
Indirect allocation	<u>155,589</u>	<u>145,188</u>	<u>326,955</u>	<u>91,667</u>	<u>241,149</u>	<u>185,825</u>	<u>1,146,373</u>	<u>(1,379,984)</u>	<u>233,611</u>	<u>(1,146,373)</u>	<u>-</u>
Total expenses	<u>\$ 1,100,705</u>	<u>\$ 992,116</u>	<u>\$ 2,137,878</u>	<u>\$ 1,027,605</u>	<u>\$ 1,521,791</u>	<u>\$ 870,770</u>	<u>\$ 7,650,865</u>	<u>\$ 225,890</u>	<u>\$ 1,537,416</u>	<u>\$ 1,763,306</u>	<u>\$ 9,414,171</u>

The accompanying notes are an integral part of these financial statements.

# ISLAND INSTITUTE

## Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 3,653,496	\$ 1,693,678
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities		
Depreciation	96,281	97,873
Amortization of right-of-use operating lease assets	42,312	28,890
Change in pledge and grant discounts	32,900	3,846
Forgiveness of notes receivable	40,000	-
Change in beneficial interest in perpetual trust	(109,435)	(97,856)
Change in cash surrender value of life insurance policy	556,518	(26,315)
Net realized and unrealized appreciation on investments	(2,957,803)	(3,287,385)
Decrease (increase) in		
Accounts receivable	142,520	(309,874)
Notes receivable	(22,560)	(48,056)
Prepaid expense and deferred costs	18,430	(31,174)
Inventory	105,353	(37,478)
Grants and pledges receivable	(1,019,712)	(69,184)
Other	52,420	126,883
(Decrease) increase in		
Accounts payable	(86,647)	(59,631)
Accrued payroll	20,658	59,896
Operating lease liabilities	(42,233)	(29,273)
Deferred revenue	(2,282)	(11,778)
Net cash provided (used) by operating activities	<u>520,216</u>	<u>(1,996,938)</u>
Cash flows from investing activities		
Purchases of property and equipment	-	(37,951)
Purchases of investments	(5,138,681)	(2,578,656)
Proceeds from the sale of investments	<u>6,772,204</u>	<u>4,165,589</u>
Net cash provided by investing activities	<u>1,633,523</u>	<u>1,548,982</u>
Net increase (decrease) in cash and cash equivalents	2,153,739	(447,956)
Cash and cash equivalents, beginning of year	<u>2,246,275</u>	<u>2,694,231</u>
Cash and cash equivalents, end of year	<u>\$ 4,400,014</u>	<u>\$ 2,246,275</u>
Supplemental disclosure		
Cash paid for interest	<u>\$ 2,000</u>	<u>\$ 2,005</u>

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The accompanying notes are an integral part of these financial statements.

# ISLAND INSTITUTE

## Notes to Financial Statements

June 30, 2025 and 2024

### **Background Information**

Island Institute (the Institute) is a 41-year-old non-profit organization whose mission is to work to boldly navigate climate and economic change with island and coastal communities to expand opportunities and deliver solutions. All of the Institute's programming is directly aligned to six strategic priorities informed by broad community input: Center for Marine Economy, Center for Climate and Community, sustainable communities, retail and gallery, program impacts and Glenn Fund, and brand awareness. Located in Rockland, Maine, the expert staff collaborate to meet community needs in an interdisciplinary and integrated way. The Institute acknowledges and responds to unexpected issues, and envisions a future where Maine islands and coastal communities thrive and lead as examples of sustainability.

### 1. **Summary of Significant Accounting Policies**

#### **Basis of Accounting**

The financial statements of the Institute have been prepared on the accrual basis of accounting. As a result, revenues and gains are reported when earned, and expenses and losses are recorded when incurred.

#### **Basis of Presentation**

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

**Net assets without donor restrictions**—Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Institute. These net assets may be used at the discretion of the Institute's management and Board of Trustees.

**Net assets with donor restrictions**—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Institute or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of the assets permit the Institute to use all or part of the income earned on related investments for general or specific purposes.

#### **Definition of Operations**

The statements of activities include changes in net assets from operations. Changes in net assets, which are excluded from changes in net assets from operations, include unrealized gain on investments and the transfer of a life insurance policy to a former president of the Institute.

# ISLAND INSTITUTE

## Notes to Financial Statements

June 30, 2025 and 2024

### **Cash and Cash Equivalents**

Management considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, with the exceptions of brokerage cash balances and money market accounts held to finance certain annuity obligations of the Institute and similar items held as components of endowment assets, which are reported as long-term investments and are not considered to be cash equivalents.

### **Pledges and Grants Receivable**

Pledges and grants are recognized as pledges and grants receivable when a donor or grantor makes an unconditional promise to give to the Institute. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions that are temporary in nature are reclassified to net assets without donor restrictions. Pledges and grants receivable, net of an estimated allowance for uncollectible amounts, are reported at the present value of estimated future cash flows using a discount rate commensurate with the risks involved. For the years ended June 30, 2025 and 2024, management considered all outstanding pledges and grant balances to be fully collectible, thus an allowance for uncollectible amounts was not deemed necessary.

The Institute received 21% and 14% of contributions from one donor during the years ended June 30, 2025 and 2024, respectively.

### **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for expected credit losses through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts, history of uncollectible amounts and reasonable and supportable forecasts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. For the years ended June 30, 2025 and 2024, the Institute did not have an allowance for expected credit losses.

### **Inventory**

Inventory is valued at the lower of cost (first-in, first-out basis) or market (net realizable value) and consists of publications and gift shop products. Contributed inventory is recorded at fair value on the date the inventory was received.

### **Investments**

The Institute reports its investments at fair value, other than its investment in closely-held stock, which is carried at cost, which is not believed to differ materially from fair value. It is not practical to estimate the fair value of closely-held stock. The Institute identified no events or changes in circumstances that may have a significant adverse effect on the fair value of the closely-held stock.

# ISLAND INSTITUTE

## Notes to Financial Statements

June 30, 2025 and 2024

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in value in the near term would materially affect the amounts reported in the statements of financial position.

Income and net appreciation (depreciation) on investments of endowment and similar funds are reported as increases (decreases) in net assets with donor restrictions if 1) the term of the gift or the Board's interpretation of relevant state laws requires that they be added to the principal of a perpetual endowment fund, 2) the terms of the gift impose restrictions on the use of the income, or 3) absent donor stipulations, they are related to gifts of perpetual duration for which appropriation has not been made. Otherwise, income and appreciation (depreciation) on investment of endowment and similar funds are reported as increases (decreases) in net assets without donor restrictions.

### **Property and Equipment**

Purchased land, buildings, and non-expendable equipment valued at \$5,000 or more individually are capitalized and recorded at cost. Donated property and equipment is recorded at its estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Buildings, boats, equipment, and furniture and fixtures are depreciated using the straight-line method over their estimated useful lives, which range from 5 to 30 years. Included in land and buildings is land in the amount of \$85,919 at both June 30, 2025 and 2024.

### **Leases**

Leases are classified as either operating or finance leases at the lease commencement date. Lease expense on operating leases is recognized over the expected lease term, on a straight-line basis, while expense on finance leases is recognized using the effective interest rate method. Lease expense on operating leases is reported as rental expense. For finance leases, right-of-use (ROU) assets are amortized, with the expense included in depreciation of property, plant, and equipment. Lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. The Institute uses the interest rate implicit within the lease to determine present value; however, if the implicit rate is not readily available, the Institute uses the risk-free rate.

### **Income Taxes**

The Institute is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). In addition, the Institute qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2) of the Code.

# ISLAND INSTITUTE

## Notes to Financial Statements

June 30, 2025 and 2024

U.S. generally accepted accounting principles (U.S. GAAP) require management to evaluate tax positions taken by the Institute and recognize a liability if the Institute has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service and state taxing authorities. The Institute is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### Use of Estimates

The presentation of financial statements in conformity with 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.

### Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting activities based on estimated time spent and other statistical data.

### Revenue Recognition

Archipelago is a retail store, specializing in one-of-a-kind items made in Maine, that works to sustain the island and working waterfront communities. Revenues from Archipelago are primarily earned from store sales and are recognized upon the sale of goods.

### Subsequent Events

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 855-10, *Subsequent Events*, management has evaluated subsequent events for possible recognition or disclosure through February 24, 2026, which is the date these financial statements were available to be issued.

## 2. Pledges and Grants Receivable

Pledges and grants receivable are included in the financial statements and consisted of amounts due within the following time frames at June 30:

	<u>2025</u>	<u>2024</u>
Within one year	\$ <u>951,015</u>	\$ 546,325
Between one and five years	<u>865,021</u>	<u>250,166</u>
	<u>1,816,036</u>	796,491
Less discount at 4%	<u>(46,213)</u>	<u>(13,480)</u>
	<u>\$ 1,769,823</u>	<u>\$ 783,011</u>

**ISLAND INSTITUTE**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**3. Investments**

Investments were comprised of the following at June 30:

	<u>2025</u>	<u>2024</u>
Charitable gift annuity investments		
Money market funds	\$ <u>46,727</u>	\$ <u>170,043</u>
Other long-term investments		
Money market funds	61,958	59,917
Fixed income	10,908,035	10,934,752
Equities	20,982,433	19,455,436
Closely-held stock	<u>94,557</u>	<u>94,557</u>
Total other long-term investments	<u>32,046,983</u>	<u>30,544,662</u>
Total long-term investments	<u>\$ 32,093,710</u>	<u>\$ 30,714,705</u>

**4. Endowment**

At June 30, 2025 and 2024, the Institute held donor-restricted and board-designated endowments amounting to \$31,945,526 and \$30,358,124, respectively. The purpose of these endowment funds is to provide investment income and gains to further various activities of the Institute.

The Institute follows the provisions of FASB ASC Topic 958-205-50-1A, *Reporting Endowment Funds*. Accordingly, the Institute is required to classify and report net assets associated with endowment funds, including those designated by the Board of Trustees to function as endowments, based on the existence or absence of donor-imposed restrictions. The Institute is also required to provide the following disclosures relating to its endowment activities.

**Interpretation of Relevant Law**—In accordance with the Maine Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Institute has interpreted UPMIFA to require investment return on endowment funds with donor-imposed restrictions that are perpetual in nature to be restricted until appropriated by the Board of Trustees. Accordingly, except for explicit donor stipulations specifying reinvestment of some or all net investment return, net investment return on endowment funds with donor-imposed restrictions that are perpetual in nature is available for appropriation and is reported as increases (decreases) in net assets with donor restrictions, in accordance with the donor's stipulations, if any, concerning the purposes for which ordinary income may be used.

# ISLAND INSTITUTE

## Notes to Financial Statements

June 30, 2025 and 2024

Absent explicit donor stipulations to the contrary, the Institute has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Institute retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Institute in a manner consistent with the standard of prudence by UPMIFA.

The Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund
- Purposes of the Institute and the donor-restricted endowment fund
- General economic conditions
- Possible effects of inflation and deflation
- Expected total return from income and the appreciation of investments
- Other resources of the Institute
- The Institute's investment policies

**Endowment Spending Policy**—The Board of Trustees has approved an annual distribution of up to 4% of the average value of the endowment fund over the preceding 12 quarters to support current operations. The Board of Trustees approved a temporary annual distribution of 5% of the average value of the endowment fund over the preceding 12 quarters for the years ended June 30, 2025 and 2026, respectively.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Institute has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Institute's current policy allows for continued spending from funds that are underwater. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. The Institute did not have any underwater endowment funds as of June 30, 2025 and 2024.

**Endowment Investment Policy**—The Institute's endowment assets are held in a variety of marketable securities, including money market instruments, equities, fixed income obligations, and a closely-held stock, aimed at providing an appropriate mix of current income, protection of principal, and long-term growth.

**ISLAND INSTITUTE**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

The Institute's endowment fund balances were comprised of the following as of June 30, 2025:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Board-designated	\$ 13,646,797	\$ -	\$ 13,646,797
Donor-restricted endowments			
Original donor-restricted gift and amounts required to be maintained in perpetuity	-	12,685,995	12,685,995
Accumulated investment gains	<u>-</u>	<u>5,612,734</u>	<u>5,612,734</u>
Total	<u>\$ 13,646,797</u>	<u>\$ 18,298,729</u>	<u>\$ 31,945,526</u>

Changes in the Institute's endowment fund balances for the year ended June 30, 2025 were as follows:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Endowment net assets, beginning of year	\$ 13,363,911	\$ 16,994,213	\$ 30,358,124
Investment return, net	1,560,169	2,104,160	3,664,329
Contributions	490,388	10,000	500,388
Amounts appropriated for expenditure	<u>(1,767,671)</u>	<u>(809,644)</u>	<u>(2,577,315)</u>
Endowment net assets, end of year	<u>\$ 13,646,797</u>	<u>\$ 18,298,729</u>	<u>\$ 31,945,526</u>

**ISLAND INSTITUTE**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

The Institute's endowment fund balances were comprised of the following as of June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated	\$ 13,363,911	\$ -	\$ 13,363,911
Donor-restricted endowments			
Original donor-restricted gift and amounts required to be maintained in perpetuity	-	12,675,995	12,675,995
Accumulated investment gains	<u>-</u>	<u>4,318,218</u>	<u>4,318,218</u>
Total	<u>\$ 13,363,911</u>	<u>\$ 16,994,213</u>	<u>\$ 30,358,124</u>

Changes in the Institute's endowment fund balances for the year ended June 30, 2024 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 13,198,164	\$ 15,479,353	\$ 28,677,517
Investment return, net	1,725,680	2,147,679	3,873,359
Amounts appropriated for expenditure	<u>(1,559,933)</u>	<u>(632,819)</u>	<u>(2,192,752)</u>
Endowment net assets, end of year	<u>\$ 13,363,911</u>	<u>\$ 16,994,213</u>	<u>\$ 30,358,124</u>

**5. Assets Measured at Fair Value on a Recurring Basis**

In accordance with FASB ASC Topic 820-10 *Fair Value Measurement and Disclosure*, the Institute is required to disclose, for its assets and liabilities measured at fair value on a recurring basis, the sources and types of information, known as inputs, used to determine those fair value measurements.

Level 1: Inputs are quoted prices in active markets for identical assets and liabilities that an entity has the ability to access at a measurement date.

Level 2: Inputs are inputs other than quoted prices that are observable for the specific asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs for the asset or liability in which little or no market activity is available for the asset or liability at the measurement date.

# ISLAND INSTITUTE

## Notes to Financial Statements

**June 30, 2025 and 2024**

The Institute follows the provisions of FASB Accounting Standards Update No. 2015-07: *Disclosure for Investments in Certain Entities That Calculate Net Asset Value Per Share (or Its Equivalent)*. This pronouncement removes the requirements to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient and certain disclosure requirements.

Beneficial interest in perpetual trust are assets held by the Maine Community Foundation and are valued using the net asset value per share (NAV) as a practical expedient. As discussed in the “beneficial interest in perpetual trust” Note 6, upon transfer of the assets to the Maine Community Foundation, variance power over the assets is granted to the Maine Community Foundation, with no opportunity for redemption, and the Institute is designated the sole beneficiary.

The reported values of assets measured at fair value on a recurring basis were categorized as follows at June 30, 2025:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Money market funds	\$ 108,685	\$ 108,685	\$ -	\$ -
Fixed income				
Investment grade	8,473,887	8,473,887	-	-
Other	2,434,148	2,434,148	-	-
Equities				
Domestic	16,600,445	16,600,445	-	-
International	<u>4,381,988</u>	<u>4,381,988</u>	<u>-</u>	<u>-</u>
Total investments	<b>31,999,153</b>	<b><u>\$ 31,999,153</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
Beneficial interest in perpetual trust— measured at NAV	<u>2,116,423</u>			
Total assets measured at fair value on a recurring basis	<b><u>\$ 34,115,576</u></b>			

**ISLAND INSTITUTE**

**Notes to Financial Statements**

**June 30, 2025 and 2024**

The reported values of assets measured at fair value on a recurring basis were categorized as follows at June 30, 2024:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments</b>				
Money market funds	\$ 229,960	\$ 229,960	\$ -	\$ -
<b>Fixed income</b>				
Investment grade	8,522,840	8,522,840	-	-
Other	2,411,912	2,411,912	-	-
<b>Equities</b>				
Domestic	14,144,896	14,144,896	-	-
International	<u>5,310,540</u>	<u>5,310,540</u>	<u>-</u>	<u>-</u>
<b>Total investments</b>	30,620,148	<u>\$ 30,620,148</u>	<u>\$ -</u>	<u>\$ -</u>
Cash surrender value of life insurance policy	556,518	<u>\$ -</u>	<u>\$ 556,518</u>	<u>\$ -</u>
Beneficial interest in perpetual trust— measured at NAV	<u>2,006,988</u>			
<b>Total assets measured at fair value on a recurring basis</b>	<u>\$ 33,183,654</u>			

Transfers between asset levels are recognized on the actual date of the event, or change in circumstances, that caused the transfer. There were no such transfers between levels during the years ended June 30, 2025 and 2024.

Fair value for cash surrender value of life insurance is equal to the cash surrender value of the life insurance policy and is categorized as Level 2 fair value measurement. The life insurance policy ownership transferred to one of the founders during the year ended June 30, 2025.

**6. Beneficial Interest in Perpetual Trust**

During 2003, the Institute was named an income beneficiary of a perpetual trust, which was subsequently converted to an agency endowment fund held at the Maine Community Foundation. The Institute has granted variance power over these assets to the Maine Community Foundation, who may redirect distributions from this fund in the event that it deems distributions to the Institute to be, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Institute has reported the fair value of the allocable share of the underlying assets, which approximates the present value of the expected future cash flows from these assets, as a beneficial interest in a perpetual trust in the statements of financial position. A percentage of the market value of the funds, as determined by Maine Community Foundation, will be distributed annually for operations.

**ISLAND INSTITUTE**

**Notes to Financial Statements**

**June 30, 2025 and 2024**

**7. Long-term Debt**

Long-term debt is comprised of a fixed rate (2%) limited recourse note payable through August 2026 to be used to support the Institute's micro financing program for local businesses.

The Institute has an unsecured line of credit agreement in the amount of \$900,000 through March 1, 2026. Interest expense is payable monthly at the highest rate published in the Wall Street Journal (7.5% at June 30, 2025). There was no outstanding balance at June 30, 2025 and 2024 on this credit line.

**8. Restrictions and Limitations of Net Asset Balances**

Net assets with donor restrictions consist of the following:

	<u>2025</u>	<u>2024</u>
Endowment funds, with income restricted for		
Island education funds	\$ 2,859,875	\$ 2,859,875
Swan's Island Fellows	688,431	688,431
William Bingham Fellow	699,615	699,615
Deer Isle-Stonington Fellow	400,000	400,000
Vinalhaven Island Fellow	472,952	472,952
North Haven Fellow	200,000	200,000
Louis Cabot Fellow	751,000	751,000
Isleboro Fellow	250,000	250,000
Frenchboro Historical Building Maintenance Fund	200,000	200,000
Frenchboro Island Community Fund	100,000	100,000
Funds for Maine Islands	1,622,581	1,622,581
Kellogg Retirement Plan Fund	1,010,300	1,010,300
Isaacs-DeFrancis Fund	102,783	102,783
Glenn Community Impact Fund	<u>3,328,458</u>	<u>3,328,458</u>
Total endowment funds with income restricted	<b>12,685,995</b>	12,685,995
Pledges receivable restricted for endowment	<b>110,000</b>	110,000
Beneficial interest in perpetual trust	<u>2,116,423</u>	<u>2,006,988</u>
Total net assets to be held in perpetuity	<b><u>14,912,418</u></b>	<b><u>14,802,983</u></b>
Subject to appropriation and expenditure when a specified event or time occurs:		
Center for Marine Economy	1,727,490	408,191
Center for Climate and Community	248,771	335,326
Center for Sustainable Communities	211,021	247,498
Pledges to be realized—time restricted	751,115	51,403
Restricted excess endowment earnings	5,612,734	4,318,218
Shared allocation	<u>791,883</u>	<u>1,515,007</u>
Total subject to appropriation and expenditure	<b><u>9,343,014</u></b>	<b><u>6,875,643</u></b>
Total net assets with donor restrictions	<b><u>\$ 24,255,432</u></b>	<b><u>\$ 21,678,626</u></b>

# ISLAND INSTITUTE

## Notes to Financial Statements

June 30, 2025 and 2024

Included within the total contributions with donor restrictions on the statement of activities for the year ended June 30, 2025, is a federally sourced award in the amount of \$1,477,000. As the funds are subject to donor-imposed restrictions these funds are released as eligible expenses are incurred. The award is restricted for use by the Center for Marine Economy. During fiscal year 2025, \$442,353 was released from restriction.

### 9. Net Assets Released from Restrictions

Net assets released from donor restrictions were comprised of the following for the year ended June 30:

	<u>2025</u>	<u>2024</u>
Center for Marine Economy	\$ 853,371	\$ 473,993
Center for Climate and Community	376,327	214,083
Sustainable Communities	537,448	520,529
Pledges realized—time restricted	300,289	50,868
Shared allocation	1,191,956	712,000
Appropriated endowment earnings	809,644	632,819
Grant revenues	<u>943,399</u>	<u>465,816</u>
Total net assets released from restrictions	<u>\$ 5,012,434</u>	<u>\$ 3,070,108</u>

### 10. Notes Receivable

Notes receivable presented within the statements of financial position include balances due under promissory notes amounting to \$82,316 and \$99,756 as of June 30, 2025 and 2024, respectively. These notes have been issued to local businesses as part of the Institute's economic development initiatives, and bear interest at fixed rates ranging from 5% to 6.5% and are repayable in monthly installments of principal and interest with final maturities extending through June 2029. The current portion of such notes receivable amounted to \$13,976 and \$35,475 as of June 30, 2025 and 2024, respectively. Management has determined no allowance for uncollectible accounts is deemed necessary as of June 30, 2025 and 2024, respectively.

### 11. Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Institute maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Risk on bank deposit accounts has been mitigated through overnight sweep arrangements with financial institutions, which, by design, address federal insurance limits. The Institute has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash and cash equivalents.

# ISLAND INSTITUTE

## Notes to Financial Statements

June 30, 2025 and 2024

### 12. Contingencies

The Institute participates in various intergovernmental grant programs, which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Institute's compliance with applicable grant requirements may be established at some future date. The amount, if any, of liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

### 13. Retirement Benefit Plan

The Institute offers a Section 403(b) retirement plan to its eligible employees, and currently matches employee contributions up to 6% of eligible employees' compensation. For the years ended June 30, 2025 and 2024, contributions to the plan were \$234,379 and \$226,227, respectively.

### 14. Leases

The Institute leases certain office equipment and rental space under the terms of operating leases with initial non-cancelable terms greater than one year. The operating lease agreements do not contain any options to extend beyond the original lease term.

The table below sets forth a reconciliation of total lease cost and statements of financial position related to leases as of and for the year ended June 30:

Lease cost	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 46,285	\$ 30,625
Short-term lease cost	<u>135,224</u>	<u>148,110</u>
Total lease cost	<u>\$ 181,509</u>	<u>\$ 178,735</u>
Operating lease weighted average remaining lease term	<b>3.83 years</b>	3.99 years
Operating lease weighted average discount rate	<b>4.50 %</b>	4.17 %
Cash paid for amounts included in the measurement of operating lease liabilities	<u>\$ 46,206</u>	<u>\$ 31,008</u>
Noncash transaction		
Lease liabilities arising from obtaining operating lease ROU asset	<u>\$ -</u>	<u>\$ 94,167</u>

**ISLAND INSTITUTE**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

The following is a summary of future minimum lease payments for operating leases for the years ending June 30:

2026	\$	20,988
2027		20,988
2028		20,988
2029		<u>17,490</u>
Total future minimum lease payments		80,454
Less amount of imputed interest		<u>6,407</u>
Present value of future minimum lease payments		74,047
Current portion of operating lease liabilities		<u>18,105</u>
Operating lease liabilities, net of current portion	\$	<u><u>55,942</u></u>

**15. Liquidity and Availability of Financial Assets**

The Institute has the following financial assets available within one year of the date of the statement of financial position to meet cash needs for general expenditure:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,400,014	\$ 2,246,275
Accounts receivable, net	255,731	398,251
Notes receivable, current portion	13,976	35,475
Pledges and grants receivable, current portion	951,015	546,325
Endowment spending draw	<u>1,341,468</u>	<u>1,344,601</u>
Total financial assets	<b>6,962,204</b>	4,570,927
Less amounts not available to be used within one year:		
Cash restricted for perpetual investment	<u>-</u>	<u>10,000</u>
Total financial assets available at year end for current use	<b><u>\$ 6,962,204</u></b>	<b><u>\$ 4,560,927</u></b>

Included within cash and cash equivalents are donor contributions restricted for endowment to be held in perpetuity of \$10,000 as of June 30, 2024. In addition, portions of the endowment spending draw are donor restricted as to use. None of the remaining financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the statements of financial position. The current portion of the pledges receivable are subject to implied time restrictions, but are expected to be collected within one year.

# ISLAND INSTITUTE

## Notes to Financial Statements

June 30, 2025 and 2024

The Institute's endowment funds consist of donor-restricted endowments and Board-designated quasi-endowment. As described in Note 4, the Institute's Board of Trustees has adopted an endowment spending policy under which an annual distribution of up to 4% of the average value of the endowment fund over the preceding 12 quarters to support current operations is approved. For the years ended June 30, 2025 and 2026, the Board of Trustees approved an increase to the annual distribution to 5%.

The Institute has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As more fully described in Note 7, the Institute has one committed line of credit in the amount of \$900,000, which it could draw upon in the event of an unanticipated liquidity need. The Institute also maintains a Board-designated contingency reserve account within its invested funds, which is intended to be funded at \$150,000 per year and may be drawn upon as needed and under certain conditions. No such funding occurred in 2025. The balance of this fund was \$1,877,224 at June 30, 2025 and \$1,563,917 at June 30, 2024. Additionally, although the Institute does not intend to spend from its Board-designated quasi-endowment fund other than amounts appropriated for general expenditure as part of its annual distribution, amounts from its Board-designated quasi-endowment fund could be made available if necessary. The Board authorized \$1,200,000 and \$1,100,000 in such draws during the years ended June 30, 2025 and 2024, respectively.

### **16. Employee Retention Tax Credits**

The Institute determined that it is eligible for the Employee Retention Tax Credits (ERTC) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The amount received during the year ended June 30, 2025 was \$768,081. This amount has been recognized as contribution revenue without donor restrictions in accordance with FASB ASC 958-605, as the conditions for recognition were substantially met. ERTC claims remain subject to examination by the Internal Revenue Service, generally for five years following the date of filing.