FINANCIAL STATEMENTS
DECEMBER 31, 2024

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Sail Training Association d/b/a Tall Ships America

Opinion

We have audited the accompanying financial statements of the American Sail Training Association d/b/a Tall Ships America (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tall Ships America 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tall Ships America'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if

there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tall Ships America'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 Tall Ships America'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.

QRGA, LLP

QRGA, LLP
Norwood, Massachusetts
November 4, 2025

AMERICAN SAIL TRAINING ASSOCIATION d/b/a TALL SHIPS AMERICA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

		2024
ASSETS		
Current assets		
Cash and cash equivalents	$	**88,598**
Accounts receivable		**34,275**
Contributions receivable		**140,000**
Employee retention tax credit receivable		**69,432**
Prepaid expense and other current assets		**7,314**
Total current assets		**339,619**
Investments - Endowment		**574,641**
Trademarks		**28,888**
Accumulated amortization		**(28,888)**
Trademarks, net		**-**
Total assets	$	**914,260**
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$	**50,062**
Line of credit		**142,500**
Economic impact disaster loan - current portion		**13,861**
Deferred revenue		**146,465**
Total current liabilities		**352,888**
Long term liabilities		
Economic injury disaster loan		**485,001**
Total liabilities		**837,889**
Net assets		
Without donor restrictions		**(407,931)**
With donor restrictions		**484,302**
Total net assets		**76,371**
Total liabilities and net assets	$	**914,260**

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

AMERICAN SAIL TRAINING ASSOCIATION d/b/a TALL SHIPS AMERICA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and support:			
Grants and contributions	$ 29,804	194,385	$ 224,189
Conference sponsorships	26,250	-	26,250
Membership dues	76,410	-	76,410
Conferences and forums	56,039	-	56,039
Other income	8,580	-	8,580
Net assets released from restrictions:			
Satisfaction of donor restrictions	36,129	(36,129)	-
Total operating revenues and other support	233,212	158,256	391,468
Functional expenses:			
Program services	275,642	-	275,642
Management and general	106,040	-	106,040
Total functional expenses	381,682	-	381,682
Change in net assets before nonoperating activities	(148,470)	158,256	9,786
Nonoperating activities:			
Employee retention tax credit revenue	69,432	-	69,432
Interest expense	(26,897)	-	(26,897)
Investment returns, net	25,140	27,219	52,359
Total nonoperating activities	67,675	27,219	94,894
Change in net assets	(80,795)	185,475	104,680
Net assets, beginning of year	(327,136)	298,827	(28,309)
Net assets, end of year	$ (407,931)	$ 484,302	$ 76,371

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

AMERICAN SAIL TRAINING ASSOCIATION d/b/a TALL SHIPS AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024		
	Program Services	**Management and General**	**Total**
Salaries	**$ 135,892**	**$ 41,748**	**$ 177,640**
Payroll taxes	**10,434**	**3,205**	**13,639**
Employee benefits	**14,141**	**4,196**	**18,337**
Annual conference, meetings and travel	**66,484**	**2,768**	**69,252**
Professional fees	**15,681**	**29,121**	**44,802**
Office and adminsitrative	**4,648**	**8,631**	**13,279**
Event management	**10,940**	**-**	**10,940**
Scholarships	**8,000**	**-**	**8,000**
Credit card merchant fees	**-**	**7,923**	**7,923**
Dues and subscriptions	**2,232**	**4,145**	**6,377**
Program and member expenses	**4,182**	**-**	**4,182**
Insurance	**3,008**	**1,003**	**4,011**
Bad debt expense	**-**	**3,300**	**3,300**
	$ 275,642	**$ 106,040**	**$ 381,682**

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

AMERICAN SAIL TRAINING ASSOCIATION d/b/a TALL SHIPS AMERICA
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

		2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	**104,680**
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Unrealized and realized (gains)/losses on investments		**(39,239)**
(Increase)/decrease in cash resulting from changes in:		
Accounts receivable		**(7,760)**
Contributions receivable		**(139,090)**
Employee retention tax credit receivable		**(69,432)**
Prepaid expense and other current assets		**(2)**
Increase/(decrease) in cash resulting from changes in:		
Accounts payable and accrued expenses		**6,879**
Deferred revenue		**50,622**
Net cash (used) by operating activities		**(93,342)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments		**24,666**
Purchases of investments		**(19,036)**
Net cash provided by investing activities		**5,630**
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on the line of credit		**85,500**
Repayments on the economic injury disaster loan		**(1,138)**
Net cash provided by financing activities		**84,362**
Net (decrease) in cash and cash equivalents		**(3,350)**
Cash and cash equivalents, beginning of year		**91,948**
Cash and cash equivalents, end of year	$	**88,598**

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

NOTE 1 – ORGANIZATION AND PURPOSE

American Sail Training Association, d/b/a Tall Ships America (the "Organization"), is a nonprofit corporation exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. The Organization was founded in 1973 and provides sail training, education, leadership development and the preservation of the maritime heritage of North America.

The Tall Ships Challenge® is one of the Organization's flagship programs. The Organization partners with host port organizers to bring tall ships to communities, providing opportunities for the public to view or board these vessels, and to promote sail training and Adventure and Education Under Sail®.

The Organization also provides a range of member services, including: an annual conference on sail training and tall ships; webinars and other educational events focused on professional development and the exchange of best practices; scholarship programs to make sail training experiences more accessible for young people; grant programs to assist crew members of the Organization's vessels with the costs of professional development courses and licensing requirements; and the biannual publication of "Sail Tall Ships! A Directory of Sail Training and Adventure at Sea." Additional information can be found at the Organization's website at https://tallshipsamerica.org.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the Organization have been prepared under the accrual basis of accounting. Under the accrual method, revenue and expenses are recognized when earned or incurred rather than when actually received or paid. The significant accounting policies are described below to enhance the usefulness of the financial statements to the user.

Financial Statement Presentation
The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Restrictions on net assets may only be imposed by donors, not by the Board of Directors or any other body. Cash and cash equivalents and investments included $344,302 at December 31, 2024, which were restricted as to use by donors.

Cash and Cash Equivalents
For purposes of the Statement of Cash Flows, the Organization considers all short-term investments with an original maturity date of three months or less to be a cash equivalent unless they are a component of an investment account. Cash and cash equivalents included $64,302 at December 31, 2024, which were restricted as to use by donors. The Organization maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits.

Accounts Receivable
Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus, accounts receivable does not bear interest. Accounts receivable are written off when they are determined to be uncollectible. At December 31, 2024, the Organization's receivable balance totals $34,275.

The Organization's policy is to measure its allowance for credit losses based on an evaluation of historical internal and external information and past experience of the receivable aging, adjusted for current economic

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable (continued)
conditions, and reasonable and supportable forecast about future events that affects the collectability of receivables. In measuring expected credit losses for trade receivables, the Organization considers the entire population of trade receivables to be a single pool because the assets have similar risk characteristics.

There have been no changes in the Organization's accounting policies or methodologies in measuring credit losses related to its accounts receivables. At December 31, 2024, the Organization believes all accounts receivable to be collectible and there is no an allowance for credit losses. There were no significant changes in the amount of accounts written off in 2024.

Contributions receivable
Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Based upon historical collection experience, management has determined that no allowance for doubtful accounts is necessary.

Investments and Investment Income
Investments in marketable securities are reflected on the Statement of Financial Position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on trade dates. Gains and losses on the sale of securities are based on the difference between the sale price and average historical cost basis, where such basis represents the cost of securities purchased or the fair value at the date of receipt for securities received by donation. Interest income is recorded on an accrual basis and dividend income is recorded on the ex-dividend date.

Investment returns include interest and dividend income, net of account fees, and realized and unrealized gains and losses. Investment returns earned in the endowment fund are classified as either with donor restriction or without donor restriction in the Statement of Activities.

Contributions
The Company records all contributions at their fair value as support with donor restrictions or support without donor restrictions depending on the existence and/or nature of any donor restrictions. Any contributions whose restrictions are met in the same year are reported as contributions without donor restrictions.

Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as deferred revenue.

Revenue from Contracts with Customers
The Organization recognizes revenue following FASB Accounting Standards Codification No. 606, *Revenue from Contracts with Customers*. The Organization's sources of revenue primarily come from the following sources:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from Contracts with Customers

- *Conference Registration and Sponsorship Fees:* Conference registration and sponsorship fees are recognized when the related conference occurs, which is the point in time when the Organization satisfies its performance obligation by providing access to the event. Registration fees received in advance of the conference are recorded as deferred revenue (contract liabilities) until the event has taken place. If a conference spans multiple days, revenue is recognized proportionally over the duration of the event.

  The Organization exercises judgment in determining the timing of revenue recognition, particularly in assessing when the performance obligation has been satisfied (i.e., when the attendee has access to the conference). Refunds or cancellations are accounted for in accordance with the Organization's stated refund policy and are reflected as reductions of revenue when applicable.

- *Membership Fees:* Membership fees are recognized ratably over the membership period as this best depicts the transfer of membership benefits to the member over time. Members have access to exclusive resources, discounts on events and merchandise, professional development opportunities, and the chance to connect with the tall ships community. Members also gain access to scholarships and grants for sail training and maritime education. Fees collected in advance for membership periods extending beyond the current reporting period are recorded as deferred revenue and recognized over the duration of the membership term.

  The Organization exercises judgment in determining the timing of revenue recognition, particularly in identifying the performance obligations associated with membership benefits and the pattern in which those obligations are satisfied over the membership period.

Contract Balances

Contract liabilities, reported as deferred revenue on the Statement of Financial Position, represent the Organization's obligation to transfer goods or services in connection with conference registration fees and membership fees that have already been received from that member. Contract liabilities are as follows:

	December 31, 2023
Beginning of year	**$ 95,843**
End of year	**$ 146,465**

Contract assets primarily relate to the Organization's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. There were no contract assets at the beginning or end of the year ended December 31, 2024.

Use of Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses and Functional Allocation
Management has presented operating expenses using natural expense classifications. The basic programs of the Organization consist of membership services, education and training, conferences other mission related programs which arise from time to time, and which are funded by donors and grantors.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The major expenses that are allocated salaries & benefits, which are allocated on the basis of estimates of time & effort. Other expenses that are allocated include travel and meetings and professional fees and are allocated based on purpose.

Income Taxes
The Organization is organized under Section 501(c)(3) of the Internal Revenue Code and is generally exempt from taxation.

Date of Management's Review
The Organization has evaluated events subsequent to December 31, 2024 and through the date of this report, the date on which the financial statements were available to be issued.

NOTE 3 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 — Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

The Organization utilized the following valuation methods and assumptions in estimating its fair value disclosure for investments. There have been no changes in the methodologies used at December 31, 2024:

- *Mutual Funds and Common Stocks:* Valued at quoted prices in the active markets (Level 1).
- *US Treasury Bonds:* Valued at quoted market prices in active markets (Level 1).
- *Corporate Bonds:* Valued using significant observable inputs, including quoted prices for similar securities (Level 2).

The estimated fair values of the Organization's financial instruments at December 31, 2024 are as follows:

	Level 1	Level 2	Level 3	Total
Mutual Funds and Common Stocks	$ 284,248	$ ---	$ ---	$ 284,248
US Treasury Bonds	284,590	---	---	284,590
Corporate Bonds	---	5,803	---	5,803
Total investments at fair value	$ 568,838	$ 5,803	$ ---	$ 574,641

There were no transfers between Levels 1 and 2 or into or out of Level 3 during the year ended December 31, 2024.

Investment income for the years ended December 31, 2024 is as follows:

Unrealized/realized net loss	$ 39,239
Interest and dividends	18,893
Investment fee expense	(5,773)
Total investment returns, net	$ 52,359

NOTE 4 – ENDOWMENT

The endowment consists of the following two funds:

- *The Harry Anderson Endowment Fund* – This is a board designated endowment of which funds are withdrawn annually in accordance with the spend policy to support the operations of the Organization.
- *The Captain Frank J. Bailey National Maritime Excellence Fund* – This is a restricted endowment fund of which the income and earnings are distributed each year to support the Tall Ships America's "Sail Training Programs of the Year".

As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 4 – ENDOWMENT (continued)

Interpretation of Relevant Law

The Board of Trustees of the Organization complies with the accounting guidance in the *Uniform Prudent Management of institutional Funds Act* (UPMIFA) for all of its endowment net assets. The Board 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 absent explicit donor stipulations to the contrary. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Spending Policy

- *The Harry Anderson Endowment Fund* - The Board of Directors shall annually review a Finance Committee report on the Endowment Fund and may authorize a single transfer of up to 5% of the fund's average value over the past 12 quarters to the general operating account. The Board may also choose to make no or a partial disbursement based on the fund's corpus, earnings, and the organization's operating needs.

- *The Captain Frank J. Bailey National Maritime Excellence Fund* – The Organization shall distribute all income and earnings of the Fund on an annual basis to be used to support the Tall Ships America's "Sail Training Programs of the Year".

Endowment Net Asset Composition as of December 31, 2024 is as follows:

	Without Donor Restrictions*	With Donor Restrictions	Total
Harry Anderson Endowment Fund	$ 294,641	$ ---	$ 294,641
Captain Frank J. Bailey National Maritime Excellence Fund	-	280,000	280,000
	$ 294,641	$ 280,000	$ 574,641

Changes in Endowment Net Assets for the year ended December 31, 2024 is as follows:

	Without Donor Restrictions*	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 261,032	$ 280,000	$ 541,032
Investment income	25,140	27,219	52,359
Released to board restricted	27,219	(27,219)	---
Transfer to operations	(18,750)	---	(18,750)
Endowment net assets, end of year	$ 294,641	$ 280,000	$ 574,641

* The total amount of without donor restrictions at December 31, 2024 is board designated.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2024:

	Balance 1/1/24	Contributions	Investment Income	Releases	Balance 12/31/24
Subject to expenditure for specified purpose:					
Scholarships and awards	$ 18,827	$ 13,265	$ ---	$ (8,910)	$ 23,182
Mentorship and conferences	---	41,120	---	---	41,120
Endowments perpetual in nature:					
Captain Frank J. Bailey National Maritime Excellence Fund	280,000	140,000	27,219	(27,219)	420,000
Total net assets with donor restrictions	$ 298,827	$ 194,385	$ 27,219	$ (36,129)	$ 484,302

Contributions receivable include the $140,000 contribution to the Captain Frank J. Bailey National Maritime Excellence Fund at December 31, 2024.

NOTE 6 – EMPLOYEE RETENTION CREDIT INCOME

Under the provisions of the CARES Act initially enacted on March 27, 2020 and subsequently extended, the Organization was eligible for an employee retention credit, which is a refundable tax credit against certain employment taxes, subject to certain criteria. During the year ending December 31, 2024, the Organization filed for refunds of the credits for all qualifying quarters during 2020 and 2021 on Form 941-X Adjusted Employer's Quarterly Tax Return of Claim for Refund, totaling $69,432. These credits were calculated on expenses included in salaries in that respective quarter. The Organization recognized this income during the year ending December 31, 2024, after all criteria needed to receive the credits were completed.

NOTE 7 – TRADEMARKS, AT COST, NET

The Organization has rebranded itself as Tall Ships America and has applied for or renewed the following registered trademarks in the United States and Canada: (1) Tall Ships; (2) Tall Ships are Coming; (3) Tall Ships "Logo"; (4) Tall Ships America; (5) Tall Ships Challenge®; and (6) Adventure and Education Under Sail®. The registration/renewal costs incurred have been capitalized and are being amortized, using the straight-line method, over the registration terms, ranging from 1 to 15 years. Trademarks, with a total carrying value of $28,888, have been fully amortized as of January 1, 2024.

NOTE 8 – DEMAND LINES-OF-CREDIT

The Organization maintains an unsecured revolving line of credit with a financial institution, providing for maximum borrowings up to $150,000. As of December 31, 2024, the outstanding balance on the line of credit was $142,500. The line of credit bears interest at the financial institution's base rate plus one percent, and matures on June 1, 2058. The line is not secured by any of the Organization's assets and has no financial covenants.

NOTE 9 – ECONOMIC INJURY DISASTER LOANS (EIDL)

The Organization obtained Economic Injury Disaster Loans ("EIDL") from the U.S. Small Business Administration totaling $500,000. These consist of loans awarded in August 2020 ($150,000), August 2021 ($150,000), and May 2022 ($199,600). The EIDLs accrue interest at a fixed rate of 2.75% per annum. The Company began making interest-only payments in March 2023, with principal and interest payments of $2,229 per month beginning in December 2024. The loans mature 30 years from the origination date. As of December 31, 2024, the outstanding loan balance of $498,862 is classified as $13,861 of current liabilities and $485,001 of long-term liabilities. Total interest paid on the loans amounted to $21,152 during the year ending December 31, 2024. The loans are secured by a blanket UCC lien on the business assets and may be subject to various covenants and restrictions imposed by the SBA. Management believes it is in compliance with all covenants associated with this facility as of December 31, 2024.

Principal maturities for each of the next five years and in the aggregate are as follows:

Year ending December 31,		Total
2025	$	13,861
2026		14,247
2027		14,644
2028		15,052
2029		15,471
		73,275
Thereafter		425,587
Total future minimum payments	$	498,862

NOTE 10 – LIQUIDITY AND AVAILABLE RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

		2024
Financial assets:		
Cash and cash equivalents	$	88,598
Accounts receivable		34,275
Contributions receivable		140,000
Employee retention tax credit receivable		69,432
		332,305
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donor – endowment contribution perpetual in nature		(140,000)
Restricted by donors with purpose restrictions		(64,302)
Total financial assets available for general expenditures within one year	$	128,003

Liquidity management is reviewed by the Organization on a regular basis to ensure cash balances are adequate to cover budgeted expenses. The Organization manages funds to meet day-to-day cash needs and general expenditures within one year of the date of the statement of financial position. In addition to the available resources listed above, the Organization has board designated endowment funds of $294,641 which are available for general expenditures, subject to Board approval.

NOTE 11 – RISKS AND UNCERTAINTIES

The Organization invests in various investment securities. 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, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.