Coast Guard Mutual Assistance

Financial Report

December 31, 2023 and 2022

BROWN EDWARDS
certified public accountants

Coast Guard Mutual Assistance

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certified public accountants

Independent Auditor's Report

To the Board of Directors of
Coast Guard Mutual Assistance
Arlington, Virginia

Opinion

We have audited the accompanying financial statements of Coast Guard Mutual Assistance (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Coast Guard Mutual Assistance as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coast Guard Mutual Assistance 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.

Emphasis of Matter

As discussed in Note 8 to the financial statements, Coast Guard Mutual Assistance adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*. As a result of the implementation, the beginning net asset balance for the year ended December 31, 2023, was restated. Our opinion is not modified with respect to this matter.

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 Coast Guard Mutual Assistance'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 Coast Guard Mutual Assistance'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 Coast Guard Mutual Assistance'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 audits.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
March 12, 2024

Financial Statements

Coast Guard Mutual Assistance

Statements of Financial Position

December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,741,890	$ 7,038,249
Restricted cash and cash equivalents	2,634,023	4,807,184
Promises to give	2,030,433	103,335
Prepaid expenses	6,780	10,331
Total current assets	6,413,126	11,959,099
NONCURRENT ASSETS		
Investments (Notes 4 and 6)	39,902,419	32,402,575
Beneficial interest in perpetual trust (Notes 5 and 6)	1,317,975	1,178,755
Loans receivable, net of allowance for credit losses of $76,114 and $160,000, respectively (Notes 7 and 8)	4,787,704	3,773,238
Property and equipment, net (Note 9)	184,576	28,474
Right-of-use assets - operating lease (Note 10)	279,459	384,579
Security deposit	8,544	8,544
Total noncurrent assets	46,480,677	37,776,165
Total assets	**$ 52,893,803**	**$ 49,735,264**
LIABILITLIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 185,135	$ 117,640
Accrued leave	83,023	78,526
Current portion of operaing lease liability (Note 10)	124,333	119,239
Total current liabilities	392,491	315,405
LONG-TERM LIABILITES		
Operating lease liability (Note 10)	207,771	332,104
Total liabilities	600,262	647,509
NET ASSETS		
Without donor restrictions	33,875,974	32,652,174
With donor restrictions (Note 12)	18,417,567	16,435,581
Total net assets	52,293,541	49,087,755
	$ 52,893,803	**$ 49,735,264**

The Notes to Financial Statements are an integral part of these statements.

Coast Guard Mutual Assistance

Statements of Activities

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES						
Investment income, net	$ 4,230,400	$ 568,738	$ 4,799,138	$ (6,024,428)	$ 24,402	$ (6,000,026)
Contributions	4,171,592	2,080,251	6,251,843	5,971,829	407,289	6,379,118
Other income	78,385	-	78,385	56,282	-	56,282
Net assets released from restrictions (Note 12)	667,003	(667,003)	-	1,179,620	(1,179,620)	-
Total revenue, gains and other support	9,147,380	1,981,986	11,129,366	1,183,303	(747,929)	435,374
EXPENSES						
Program expenses:						
Disasters and emergencies	1,131,794	-	1,131,794	2,078,384	-	2,078,384
Education	4,597,444	-	4,597,444	713,499	-	713,499
Family support	557,223	-	557,223	650,244	-	650,244
Total program expenses	6,286,461	-	6,286,461	3,442,127	-	3,442,127
Supporting services:						
General and administrative	878,148	-	878,148	620,673	-	620,673
Fundraising	812,421	-	812,421	695,959	-	695,959
Total supporting services	1,690,569	-	1,690,569	1,316,632	-	1,316,632
Total expenses	7,977,030	-	7,977,030	4,758,759	-	4,758,759
Change in net assets	1,170,350	1,981,986	3,152,336	(3,575,456)	(747,929)	(4,323,385)
NET ASSETS						
Beginning of year	32,652,174	16,435,581	49,087,755	36,227,630	17,183,510	53,411,140
Beginning net assets restatement (Note 8)	53,450	-	53,450	-	-	-
	32,705,624	16,435,581	49,141,205	36,227,630	17,183,510	53,411,140
End of year	**$ 33,875,974**	**$ 18,417,567**	**$ 52,293,541**	**$ 32,652,174**	**$ 16,435,581**	**$ 49,087,755**

The Notes to Financial Statements are an integral part of these statements.

Coast Guard Mutual Assistance

Statements of Functional Expenses

Year Ended December 31, 2023

	Program Expenses				Supporting Services			
	Disasters and Emergencies	Education	Family Support	Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	Total
Grants	$ 751,101	$ 4,062,943	$ 276,523	$ 5,090,567	$ -	$ -	$ -	$ 5,090,567
Salaries and benefits	232,327	326,192	171,303	729,822	580,050	407,300	987,350	1,717,172
Fees for services	53,103	74,558	39,155	166,816	119,923	135,062	254,985	421,801
Information technology	35,365	49,653	26,076	111,094	34,582	28,107	62,689	173,783
Printing and mailing	845	1,187	623	2,655	8,804	127,420	136,224	138,879
Facilities rental	17,294	24,281	12,752	54,327	47,221	30,263	77,484	131,811
Miscellaneous	3,546	4,979	2,615	11,140	53,392	55,264	108,656	119,796
Provision for credit losses (net of collections)	31,517	44,251	23,239	99,007	-	-	-	99,007
Office	2,981	4,185	2,198	9,364	31,817	27,304	59,121	68,485
Depreciation	3,715	5,215	2,739	11,669	2,359	1,701	4,060	15,729
	$ 1,131,794	**$ 4,597,444**	**$ 557,223**	**$ 6,286,461**	**$ 878,148**	**$ 812,421**	**$ 1,690,569**	**$ 7,977,030**

Coast Guard Mutual Assistance

Statements of Functional Expenses

Year Ended December 31, 2022

	Program Expenses				Supporting Services			
	Disasters and Emergencies	Education	Family Support	Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	Total
Grants	$ 1,539,284	$ 614,052	$ 300,248	$ 2,453,584	$ -	$ -	$ -	$ 2,453,584
Salaries and benefits	391,555	72,230	254,205	717,990	395,630	351,672	747,302	1,465,292
Printing and mailing	3,236	597	2,101	5,934	32,581	174,258	206,839	212,773
Miscellaneous	9,039	1,667	5,868	16,574	43,678	72,885	116,563	133,137
Facilities rental	34,527	6,369	22,416	63,312	34,755	30,893	65,648	128,960
Fees for services	15,352	2,832	9,967	28,151	54,667	27,218	81,885	110,036
Information technology	32,990	6,086	21,418	60,494	16,260	17,479	33,739	94,233
Provision for credit losses (net of collections)	39,635	7,311	25,732	72,678	-	-	-	72,678
Office	7,080	1,306	4,597	12,983	40,304	19,222	59,526	72,509
Depreciation	5,686	1,049	3,692	10,427	2,798	2,332	5,130	15,557
	$ 2,078,384	**$ 713,499**	**$ 650,244**	**$ 3,442,127**	**$ 620,673**	**$ 695,959**	**$ 1,316,632**	**$ 4,758,759**

The Notes to Financial Statements are an integral part of these statements.

Coast Guard Mutual Assistance

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
OPERATING ACTIVITIES		
Change in net assets	$ 3,152,336	$ (4,323,385)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	15,729	15,557
Amortization of right-of-use asset - operating lease	105,120	-
Provision for credit losses	99,007	72,678
Realized and unrealized (gains) losses on investments	(3,518,499)	6,376,721
Realized and unrealized (gains) losses on beneficial interest in perpetual trust	(180,083)	208,785
Change in current assets and liabilities:		
Decrease (increase) in:		
Promises to give	(1,927,098)	614,028
Prepaid expenses	3,551	(3,307)
Beneficial interest in perpetual trust (received)	40,863	39,196
Loans receivable, net	(1,060,023)	(1,003,470)
Increase (decrease) in:		
Accounts payable	67,495	68,593
Accrued leave	4,497	15,313
Deferred rent	-	(77,551)
Operating lease liability	(119,239)	66,764
Net cash (used in) provided by operating activities	(3,316,344)	2,069,922
INVESTING ACTIVITIES		
Purchases of property and equipment	(171,831)	(32,124)
Purchases of investments	(47,278,016)	(43,004,519)
Proceeds from sale of investments	43,296,671	46,508,088
Net cash (used in) provided by investing activities	(4,153,176)	3,471,445
Net (decrease) increase in cash and cash equivalents	(7,469,520)	5,541,367
CASH AND CASH EQUIVALENTS		
Beginning of year	11,845,433	6,304,066
End of year	**$ 4,375,913**	**$ 11,845,433**
BALANCE SHEET PRESENTATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	$ 1,741,890	$ 7,038,249
Restricted cash and cash equivalents	2,634,023	4,807,184
	$ 4,375,913	**$ 11,845,433**
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Adoption of FASB ASC 842		
Right-of-use asset - operating lease	$ -	$ 488,097
Deferred rent liability applied	-	77,551
Lease liability incurred	-	(565,648)
Cash paid to aquire right-of-use asset	**$ -**	**$ -**
Adoption of FASB ASC 326		
Adjustment to loans receivable, net and beginning net assets	**$ 53,450**	**$ -**

Note 1 – Organization and Nature of Activities

Coast Guard Mutual Assistance (CGMA) is a nonprofit charitable organization operating since 1924 to provide financial aid to all active-duty and retired Coast Guard personnel, commissioned officers of the Public Health Service serving with the Coast Guard, civilian employees of the Coast Guard and members of the Selected Reserve and Auxiliary. Financial assistance may be in the form of an outright grant or an interest-free loan for disaster assistance, education purposes and day-to-day family assistance to help fill in gaps in order to live a full life. The organization is headquartered in Arlington, Virginia and has over 160 field offices located at Coast Guard installations throughout the country. CGMA incorporated in Virginia in 1998.

Program services: Program services descriptions follows:

Disasters and emergencies: CGMA supports what is not covered by insurance after a disaster, emergency travel, unexpected repairs to homes or vehicles, losses (funds, property, or identity), pay issues, bills and expenses, privation, and other circumstances. These short-term situations are often out of the control of CGMA's clients, pose a serious financial or personal hardship and require urgent help.

Education: CGMA fosters their client's long-term financial well-being through education, including supplemental education grants, education loans, Stafford loan fee reimbursement, financial counseling, tutoring, and other efforts designed to promote financial resilience.

Family support: CGMA provides help for unexpected medical and dental expenses, housing assistance (rental assistance, closing costs, deposits, etc.), funeral costs, service animals, pet expenses, costs to support exceptional family members (special needs), adoption loans and grants, respite care, layettes, and other family needs.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-profit Entities Topic of the FASB ASC, CGMA is required to report information regarding its financial position and activities according to two classes to net assets as follows:

Classes of net assets

The financial statements report amounts separately by classes of net assets.

Net assets without donor restrictions: Net assets without donor restrictions include undesignated funds that are available for the support of CGMA's activities and not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets with donor restrictions result from unconditional contributions whose use is limited by donor-imposed stipulations that are fulfilled and removed by actions of CGMA pursuant to these stipulations.

Cash and cash equivalents

CGMA considers all short-term, highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents also include amounts that are part of the managed investment accounts.

Restricted cash and cash equivalents

Restricted cash and cash equivalents consist of funds earmarked for the loan assistance programs received from a donor in a prior year. During 2023 and 2022, respectively, a portion of the funds were invested in fixed income securities and totaled $9,017,215 and $7,644,438 at December 31, 2023 and 2022. The remainder of the balance is reflected as restricted cash on the statement of financial position at December 31, 2023 and 2022.

Investments

Investments with readily determinable fair values are reflected at fair value. To adjust the carrying value of these investments, the change in fair value is charged or credited to current operations net of related fees. Investments in alternative investments are valued at net asset value (NAV) or its equivalent, based on the applicable percentage ownership of the underlying net assets as of measurement date. In determining the fair value of alternative investments, CGMA utilizes valuations provided by the fund managers and the estimated fair values may include securities for which prices are not readily available. Accordingly, the estimated fair values may vary significantly from the values that would have been used had a ready market existed for these investments. The fair value of alternative investments generally represents the amount CGMA would expect to receive if it were to liquidate its investment, excluding any liquidation costs that may apply.

Financial risk

CGMA maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to CGMA. However, CGMA has not experienced losses on these accounts in the past, and management believes the risk of loss, if any, to be minimal.

CGMA invests funds in a professionally managed portfolio that contains various securities detailed in Note 4. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. The investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Promises to give

Unconditional promises to give are recognized as revenue in the period the promises are received. CGMA's management reviews the collectability of promises to give on a regular basis. No reserve for doubtful accounts has been established because management expects to collect all promises to give in full.

Loans receivable

Loans receivable are reviewed for potential write-off when a client has left the Coast Guard and CGMA is unable to collect payments for more than 120 days. CGMA wrote off $129,443 and $72,678 of loans receivable in 2023 and 2022, respectively, which is included in provision for credit losses (net of collections) on the statements of functional expenses. If a client is experiencing financial hardship or is still out-of-pocket on a disaster loan after insurance claims have been exhausted, they may apply for their loan to be converted to a grant. If approved by CGMA, the loan is converted to grant expense. The loans converted to grants amounted to $52,302 and $80,746 for the years ended December 31, 2023 and 2022, respectively, and are included in grants on the statements of functional expenses. See additional information regarding this activity at Note 7.

Allowance for Credit Losses – Loans

The allowance for credit losses is a valuation account that is deduced from the loans receivable amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged to the allowance for credit losses when management believes that uncollectibility of a loan is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged off and expected to be charged off.

The allowance for credit losses represents management's estimate of lifetime credit losses inherent in loans as of the date of the statement of financial position. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

CMGA measures expected credit losses for loans on a pooled basis when similar risk characteristics exist. CMGA has identified the following portfolio segments and calculates the allowance of credit losses for each using calculated write off percentages:

- Activity duty members (members of the Coast Guard, including academy cadets, Officer Candidate School (OCS) personnel and recruits): CGMA can take payments directly out of their pay, and individuals must repay the loan before separating or retiring from the Coast Guard. This helps ensure collectability by CGMA on the loans.
- Retired members (members of the Coast Guard who have retired from activity duty based on longevity or retired because of physical disability): This group includes Coast Guard Reserve members who have satisfactorily met service requirements and have been transferred to retired status. CGMA can take payments directly out of their pay. This helps ensure collectability by CGMA on the loans.
- Reserve members (contingency-based workforce members who serve on extended active duty, selected reserve, or standby reserve): CGMA can take payments directly out of their pay. This helps ensure collectability by CGMA on the loans.
- Coast Guard civilian employees (civilian employees of the Coast Guard including federal employees of the Coast Guard, and those under the wage grade and the General Service system and Non-Appointed Fund (NAF) employees). NAF employees include employees of the Coast Guard Exchange System (CGES) as well as Morale, Well-being, and Recreation (MWR) employees and Child Development Center (CDC) employees.): CGMA can take payments directly out of the civilian employees' pay; however, these individuals can resign at any time making collections by CGMA more difficult.
- Coast Guard auxiliary members (the uniformed volunteer component of the Coast Guard who are active, participating members of their flotilla): CGMA cannot take payment out of their pay since they are volunteers. This makes collections by CGMA more difficult.
- Separated members (members that left the Coast Guard before they were eligible for retirement): CGMA cannot take payment out of their pay since they are no longer employed by the Coast Guard. This makes collections by CGMA more difficult.
- Widow and other (un-remarried widowed spouse and dependent children of those members or employees of the Coast Guard who are eligible for assistance in their own right at the time of their death): CGMA has a harder time collecting from this group.

CGMA determined the portfolio segments listed above due to the riskiness of each individual membership status pool. The write-offs have historically varied greatly among the difference member statuses and is largely impacted by CGMA being able to deduct loan payments from the pay of the active duty, retired, and civilian pools, which greatly lowers the risk of default as opposed to the groups where CGMA cannot take payments from their pay, as this increases the risk of default.

CGMA determined the write-off percentages for each pool considering historical data for the most recent 5 to 6 year period and consideration of current and forecasted economic conditions. However, it is nearly impossible for CGMA to make reasonable and supportable forecasts about what will happen in the future so the estimates are based heavily on historical experience.

Additionally, the allowance for the credit losses calculation includes subjective adjustments for qualitative risk factors that are likely to cause estimated credit losses to differ from historical experiences. These qualitative adjustments may increase or reduce reserve levels and include adjustments for review of loans and external factors and current conditions not already captured.

There were no loans that needed to be evaluated on an individual basis. See Notes 7 and 8 for further discussion over the allowance.

Property and equipment

Acquisitions of property and equipment greater than $2,000 and all expenditures for repairs, maintenance and betterments that materially prolong the useful lives of assets are capitalized at cost. In the prior year, the capitalization threshold was greater than $1,000 and increased to $2,000 for 2023. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives over the estimated useful lives as follows:

Furniture and fixtures	3 - 7 years
Computer software	5 years
Website	3 years

Contributions

Unconditional contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other unconditional donor-restricted contributions are reported as increases in restricted net assets, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Functional allocation of expenses

Certain costs are allocated among multiple program services or supporting services activities. Allocable costs include salaries and benefits, facilities rental, printing and mailing, information technology, office, depreciation, and miscellaneous. The costs are allocated among program services and supporting services activities based on employee effort and direct expenditures.

Lease Assets and Liabilities

CGMA determines if an arrangement contains a lease at inception based on whether CGMA has the right to control the asset during the contract period, as well as other facts and circumstances. For the office lease, CGMA has elected the practical expedient to use a risk-free rate using a period comparable to the lease term, instead of the incremental borrowing rate as the discount rate. The U.S. Treasury rate as of the date of lease commencement was used for the lease.

Adoption of FASB ASC 326

Effective January 1, 2023, CGMA adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of current expected credit losses (CECL) on certain financial instruments. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. Financial assets held by CMGA that are subject to ASU 2016-13 are loans receivable. Loans receivable are presented at the net amount expected to be collected by using an allowance for credit losses. CGMA adopted CECL effective January 1, 2023, using the modified retrospective approach for all loan receivables measured at amortized cost. The transition adjustment of the adoption of CECL included a decrease in the allowance for credit losses on loans of $53,450. CGMA recorded a net increase to net assets of $53,450 as of January 1, 2023, for the cumulative effect of adopting CECL, which reflects the transition adjustments noted above. Results for reporting periods beginning after January 1, 2023, are presented under CECL with prior period amounts continuing to be reported in accordance with previously applicable accounting standards ("incurred losses"). See Loans receivable and Allowance for credit losses sections of this note and Note 8 for further discussion.

Income taxes

CGMA is exempt from the payment of income tax under Section 501(c)(3) of the Internal Revenue Code.

Advertising costs

Advertising costs are expensed as incurred and were $8,628 and $7,877 for 2023 and 2022, respectively, and are included in printing and mailing on the statements of functional expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from these estimates and assumptions.

Subsequent events

In preparing these financial statements, CGMA has evaluated events and transactions for potential recognition or disclosure through March 12, 2024, the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability of Resources

CGMA invests cash balances in excess of immediate liquidity needs in accordance with its investment policy. The following provides a summary of financial assets available for general expenditures without donor or other restrictions limiting their use, within one year of the balance sheet date:

	2023	2022
Cash and cash equivalents	$ 1,741,890	$ 7,038,249
Promises to give - all current	2,030,433	103,335
	$ 3,772,323	**$ 7,141,584**

As part of CGMA's liquidity management, CGMA has invested cash in equity, debt, and hedge investments. Some of these funds could be utilized if additional funds were needed to cover general expenditures. Of the total investments balance of $39,902,419 and $32,402,575 at December 31, 2023 and 2022, respectively, CGMA has a total of $30,885,204_and $24,758,137 that can be used as needed to fund operations. The remaining $9,017,215 and $7,644,438, respectively, is earmarked to be utilized to fund loans offered as assistance. Further, restricted cash and cash equivalents of $2,634,023 and $4,807,184 at December 31, 2023 and 2022, respectively, are earmarked for the loan assistance programs, which is in line with and will support CGMA's mission and thus, its operations.

Note 4 – Investments

Investments consisted of the following at December 31:

	2023	2022
Equities:		
U.S. Large Cap	$ 10,773,735	$ 12,140,880
U.S. Mid Cap	5,585,546	3,259,629
U.S. Small Cap	3,806,703	3,633,121
International developed	4,740,855	471,517
Emerging markets	1,487,210	-
Fixed income securities:		
Investment grade taxable	10,516,300	9,712,920
Investment grade tax exempt	4,349	14,336
International developed bonds	1,693,500	2,021,709
Commodities	1,294,221	1,148,463
	$ 39,902,419	**$ 32,402,575**

Note 5 – Beneficial Interest in Perpetual Trust

In 2012, CGMA received an irrevocable right to receive income earned from a perpetual trust. CGMA is one of three beneficiaries in the trust. Perpetual trusts provide for the distribution of the net income of the trusts to CGMA; however, CGMA will never receive the assets of the trusts as they do not own or control the trust's assets. The fair value of CGMA's interest in the trust is valued annually at December 31 with the gain or loss recognized in the statements of activities. The value of the original contribution is classified as a component of donor restricted net assets. Trust distributions and changes in fair value are recognized in the statements of activities.

CGMA received distributions of $40,863 and $39,196 in 2023 and 2022, respectively, from the trust. CGMA recognized net gains of $180,083 and losses of $(208,785), during 2023 and 2022, respectively, for the change in fair value of its interest, which is included in investment income, net, with donor restrictions on the statements of activities.

Note 6 – Fair Value Measurements

In accordance with U.S. GAAP, CGMA uses the following prioritized input levels to measure fair value of financial instruments. The input levels used for valuing financial instruments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2: Includes inputs other than Level 1 that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Equities securities: Valued at the closing price reported on the active market on which the equity securities are traded.

Fixed income securities: Valued by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated fair value at year end.

Commodities: Valued at the closing price reported on the active market on which the commodity securities are traded.

The following sets forth by level, within the fair value hierarchy, CGMA's assets and liabilities at fair value at December 31:

		Assets at Fair Value as of December 31, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**	**NAV**
Equities:					
U.S. Large Cap	$ 10,773,735	$ 10,773,735	$ -	$ -	$ -
U.S. Mid Cap	5,585,546	5,585,546	-	-	-
U.S. Small Cap	3,806,703	3,806,703	-	-	-
International developed	4,740,855	4,740,855	-	-	-
Emerging markets	1,487,210	1,487,210	-	-	-
Fixed income securities:					
Investment grade taxable	10,516,300	-	10,516,300	-	-
International developed bonds	1,693,500	-	1,693,500	-	-
Investment grade tax exempt	4,349	-	4,349	-	-
Commodities	1,294,221	-	1,294,221	-	-
	39,902,419	26,394,049	13,508,370		
Beneficial interest in perpetual trust	1,317,975	-	-	-	1,317,975
	$ 41,220,394	**$ 26,394,049**	**$ 13,508,370**	**$ -**	**$ 1,317,975**

		Assets at Fair Value as of December 31, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**	**NAV**
Equities:					
U.S. Large Cap	$ 12,140,880	$ 12,140,880	$ -	$ -	$ -
U.S. Mid Cap	3,259,629	3,259,629	-	-	-
U.S. Small Cap	3,633,121	3,633,121	-	-	-
International developed	471,517	471,517	-	-	-
Fixed income securities:					
Investment grade taxable	9,712,920	-	9,712,920	-	-
International developed bonds	2,021,709	-	2,021,709	-	-
Investment grade tax exempt	14,336	-	14,336	-	-
Commodities	1,148,463	-	1,148,463	-	-
	32,402,575	19,505,147	12,897,428	-	-
Beneficial interest in perpetual trust	1,178,755	-	-	-	1,178,755
	$ 33,581,330	**$ 19,505,147**	**$ 12,897,428**	**$ -**	**$ 1,178,755**

Investments recorded at NAV consist of an investment in the Dorothy M Thayer Memorial Trust (the Fund), which is an alternative investment. The Fund is not publicly traded; CGMA therefore values its investment in the Fund at the NAV as reported by the Fund manager (the Trustee), multiplied by the number of units held. The NAV of the Fund is based on the fair value of the underlying securities held by the Fund. The investment manager, Wells Fargo, reserves the right to adjust the reported NAV if it is deemed to be not reflective of fair value. Because of the inherent uncertainty in the valuations of these investments, their estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the difference could be material. As permitted by U.S. GAAP, CGMA uses the NAV as a practical expedient to determine the fair value of this private investment vehicle.

Note 7 – Loans Receivable

At December 31, 2023 and 2022, CGMA had uncollateralized loans receivable of $4,863,818 and $3,933,238, respectively, all to present or former members of the Coast Guard family. CGMA loans bear no interest. Some of the loans are converted into grants if it becomes apparent that the individual is in financial need. Loans outstanding at December 31, 2023 and 2022, are shown net of an allowance for credit losses of $76,114 and $160,000, respectively. The allowance is calculated based on write off history for the last five to six years as available by category. Loans are reviewed monthly to determine if any are past due or delinquent.

The following is a summary of the major categories of total of loans receivable:

	2023	**2022**
Active duty members	$ 3,621,748	$ 2,668,222
Coast Guard auxiliary members	55,766	69,777
Coast Guard civilian employees	373,337	318,584
Reserve members	240,734	201,992
Retired members	471,008	429,826
Separated members	87,138	203,361
Widow and other	14,087	41,476
Loans receivable, ending balance	**$ 4,863,818**	**$ 3,933,238**

At December 31, 2023 and 2022, program expenses do not include $5,231,669 and $4,703,805, respectively, in interest-free loans made by CGMA, and revenues do not include $4,119,344 and $3,619,589, respectively, in repayments on loans received during the same periods. In accordance with generally accepted accounting principles, loans made, and repayments of loans affect the calculation of the loan balance on the statements of financial position and are not shown as income or expenses on the statements of activities.

The summarized activity for loans receivable was as follows:

	2023	2022
Loan receivable, beginning balance	$ 3,933,238	$ 3,002,446
New loans issued	5,231,669	4,703,805
Loans written off (Note 2)	(129,443)	(72,678)
Loans converted to grants (Note 2)	(52,302)	(80,746)
Payments received on loans	(4,119,344)	(3,619,589)
Loans receivable, ending balance	**$ 4,863,818**	**$ 3,933,238**

Note 8 – Allowance for Credit Losses and Beginning Net Assets Restated

The following table summarize the activity related to the allowance for credit losses for the year ended December 31, 2023**,** under the CECL methodology:

	Balance at December 31, 2022	Impact of Adoption of ASC 326*	Write-Offs [1]	Provisions for Credit Loss	Balance at December 31, 2023
Active duty members	$ 108,541	$ (106,669)	$ 395	$ 263	$ 2,530
Coast Guard auxiliary members	2,838	15,061	(17,833)	14,239	14,305
Coast Guard civilian members	12,960	(10,745)	(464)	845	2,596
Reserve members	8,217	9,502	(27,688)	31,086	21,117
Retired members	17,485	(5,030)	(17,814)	19,008	13,649
Separated members	1,708	35,155	(62,214)	43,959	18,608
Widow and other	8,251	9,276	(3,825)	(10,393)	18,608
	$ 160,000	**$ (53,450)**	**$ (129,443)**	**$ 99,007**	**$ 76,114**

* Cumulative effect of adopting CECL posted against opening net assets on January 1, 2023.

[1] Posted directly to loans receivable and expenses during 2023.

Credit quality is assessed by CGMA throughout the year. A performing account is defined as an account that is less than 120 days past due and has not been sent to collections. CGMA writes off loans that are more than 120 days past due. The following table presents the loans by member status by credit quality indicator as of December 31, 2023:

	Current	30 – 59 Days	60 – 89 Days	90 – 120 Days	Past Due 120 Days	Total
Active duty members	$ 3,621,148	$ 600	$ -	$ -	$ -	$ 3,621,148
Coast Guard auxiliary members	45,329	2,400	8,037	-	-	55,766
Coast Guard civilian members	359,519	821	6,619	6,378	-	373,337
Reserve members	179,142	29,810	19,750	400	11,632	240,734
Retired members	448,021	6,246	10,741	-	6,000	471,008
Separated members	51,375	9,960	14,977	4,406	6,420	87,138
Widow and other	12,634	-	-	1,453	-	14,087
	$ 4,717,168	**$ 49,837**	**$ 60,124**	**$ 12,637**	**$ 24,052**	**$ 24,052**

The following table presents the loans by member status by credit quality indicator as of December 31, 2022:

	Current	30 – 59 Days	60 – 89 Days	90 – 120 Days	Past Due 120 Days	Total
Active duty members	$ 2,668,222	$ -	$ -	$ -	$ -	$ 2,668,222
Coast Guard auxiliary members	62,877	2,900	4,000	-	-	69,777
Coast Guard civilian members	309,098	1,588	1,520	6,378	-	318,584
Reserve members	169,409	20,525	8,497	550	3,011	201,992
Retired members	414,031	3,624	6,171	-	6,000	429,826
Separated members	150,456	16,783	21,809	4,787	9,526	203,361
Widow and other	40,023	-	-	1,453	-	41,476
	$ 3,814,116	**$ 45,420**	**$ 41,997**	**$ 13,168**	**$ 18,537**	**$ 3,933,238**

Note 9 – Property and Equipment

Property and equipment consisted of the following at December 31:

	2023	2022
Furniture and fixtures	$ 38,151	$ 38,151
Computer software	1,244,556	1,244,556
Website	67,850	-
Construction in progress	103,980	-
	1,454,537	1,282,707
Accumulated depreciation and amortization	(1,269,961)	(1,254,233)
	$ 184,576	**$ 28,474**

Note 10 – Leases - Lessee

CGMA leases its office space under an operating lease with a 10-year and nine-month term. The lease includes a renewal option, which can extend the lease term for 5 years. The exercise of this renewal option is at the sole discretion of CGMA, and only lease options that CGMA believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. The lease agreement does not include any material residual value guarantee or restrictive covenants. The lease agreement provides for minimum monthly lease payments of $10,054 in 2022 and increasing by 2.75% annually.

Operating lease expense which is included in facilities rental on the statements of functional expenses for the years ended December 31, 2023 and 2022, was $110,417.

The weighted average lease term and discount rate at December 31, 2023, are as follows:

Weighted average remaining lease term	2.58 years
Weighted average discount interest rate	1.37%

The maturities of operating lease liabilities as of December 31, 2023, were as follows:

Year Ending		
2024	$	127,961
2025		131,480
2026		78,446
Total lease payments		337,887
Less interest		(5,783)
Total lease liability	**$**	**332,104**

CGMA's lease does not include variable payments and there are no material residual value guarantees or restrictive covenants included in the lease agreements.

Note 11 – Line of Credit

In January 2019, CGMA obtained a $15,000,000 line of credit from Bank of America. Borrowings bare interest at the Bloomberg one-month short-term yield (BSBY) rate plus .75%. Interest is payable monthly. The interest rate at December 31, 2023 and 2022, was 6.19% and 5.11%, respectively. As described in the terms of the line of credit agreement, certain investment accounts of CGMA have been identified as collateral. The total balance of the collateralized investments was $25,100,514 and $30,440,560 at December 31, 2023 and 2022, respectively. There were no drawdowns on the line of credit during the years ended December 31, 2023 and 2022. There is no stated maturity date on this line of credit.

Note 12 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31:

	2023	**2022**
Emergency assistance	$ 15,000,000	$ 15,000,000
Beneficial interest in perpetual trust	1,317,975	1,178,755
Promises to give	2,030,433	103,335
Symposium	-	50,000
Randolph	20,815	44,081
WAG	28,933	30,000
Charles Samuel Rose Estate	19,411	29,410
	$ 18,417,567	**$ 16,435,581**

Net assets released from restriction consisted of the following at December 31:

	2023	2022
Promises to give	$ 103,335	$ 717,363
Emergency assistance	388,654	233,186
Hurricane	28,233	154,875
Beneficial interest in perpetual trust	40,863	39,196
Randolph	23,265	-
Education	-	25,000
Safe harbor	50,000	-
WAG	1,068	-
Carey	21,585	-
Charles Samuel Rose Estate	10,000	10,000
	$ 667,003	**$ 1,179,620**

Note 13 – Retirement Plan

CGMA provides a salary deferral arrangement which is qualified under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate in the plan. CGMA matches 100% of employee contributions up to 5% of the employee's annual compensation. CGMA matching contributions were $44,073 and $43,326 for the years ended December 31, 2023 and 2022, respectively, and are included in salaries and benefits on the statements of functional expenses.