



Coast Guard Mutual Assistance Financial Report

December 31, 2025

Coast Guard Mutual Assistance

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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, 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 Coast Guard Mutual Assistance as of December 31, 2025 and 2024, 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.

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, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
March 2, 2026



Financial Statements

Coast Guard Mutual Assistance

Statements of Financial Position

December 31, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,054,833	\$ 3,262,484
Restricted cash and cash equivalents	3,270,514	316,328
Promises to give	3,212	582,867
Prepaid expenses	7,372	17,960
Total current assets	6,335,931	4,179,639
NONCURRENT ASSETS		
Investments (Notes 4 and 6)	47,374,968	42,937,166
Beneficial interest in perpetual trust (Notes 5 and 6)	1,494,530	1,394,546
Loans receivable, net of allowance for credit losses of \$106,014 and \$100,525, respectively (Notes 7 and 8)	7,076,633	5,820,928
Property and equipment, net (Note 9)	967,104	897,336
Right-of-use assets - operating lease (Note 10)	64,142	172,671
Security deposit	8,544	8,544
Total noncurrent assets	56,985,921	51,231,191
	\$ 63,321,852	\$ 55,410,830
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 44,444	\$ 43,270
Accrued leave	87,410	92,967
Deferred revenue	30,160	-
Current portion of operating lease liability (Note 10)	78,178	129,592
Total current liabilities	240,192	265,829
LONG-TERM LIABILITIES		
Operating lease liability (Note 10)	-	78,178
Total liabilities	240,192	344,007
NET ASSETS		
Without donor restrictions	42,358,789	38,006,099
With donor restrictions (Note 12)	20,722,871	17,060,724
Total net assets	63,081,660	55,066,823
	\$ 63,321,852	\$ 55,410,830

Coast Guard Mutual Assistance

Statements of Activities

Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT						
Investment income, net	\$ 6,280,594	\$ 558,173	\$ 6,838,767	\$ 4,593,142	\$ 633,074	\$ 5,226,216
Contributions	3,002,161	4,525,736	7,527,897	2,911,596	637,686	3,549,282
Other income	302,574	-	302,574	266,557	-	266,557
Net assets released from restrictions (Note 12)	1,421,762	(1,421,762)	-	2,627,603	(2,627,603)	-
Total revenue, gains and other support	11,007,091	3,662,147	14,669,238	10,398,898	(1,356,843)	9,042,055
EXPENSES						
Program expenses:						
Disasters and emergencies	3,186,168	-	3,186,168	1,868,990	-	1,868,990
Education	768,296	-	768,296	1,742,675	-	1,742,675
Family support	1,071,436	-	1,071,436	676,576	-	676,576
Total program expenses	5,025,900	-	5,025,900	4,288,241	-	4,288,241
Supporting services:						
General and administrative	751,800	-	751,800	880,931	-	880,931
Fundraising	876,701	-	876,701	1,099,601	-	1,099,601
Total supporting services	1,628,501	-	1,628,501	1,980,532	-	1,980,532
Total expenses	6,654,401	-	6,654,401	6,268,773	-	6,268,773
Change in net assets	4,352,690	3,662,147	8,014,837	4,130,125	(1,356,843)	2,773,282
NET ASSETS						
Beginning of year	38,006,099	17,060,724	55,066,823	33,875,974	18,417,567	52,293,541
End of year	\$ 42,358,789	\$ 20,722,871	\$ 63,081,660	\$ 38,006,099	\$ 17,060,724	\$ 55,066,823

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

Coast Guard Mutual Assistance

Statement of Functional Expenses

Year Ended December 31, 2025

	Program Expenses			Supporting Services				
	Disasters and Emergencies	Education	Family Support	Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	Total
Grants	\$ 2,263,196	\$ 621,763	\$ 267,202	\$ 3,152,161	\$ -	\$ -	\$ -	\$ 3,152,161
Salaries and benefits	574,174	91,157	500,308	1,165,639	434,548	436,124	870,672	2,036,311
Miscellaneous	97,379	15,460	84,851	197,690	54,247	110,419	164,666	362,356
Printing and mailing	57,155	9,074	49,802	116,031	5,931	164,310	170,241	286,272
Depreciation	58,317	9,259	50,815	118,391	43,981	44,650	88,631	207,022
Information technology	44,221	7,021	38,532	89,774	65,210	36,634	101,844	191,618
Fees for services	24,977	3,965	21,764	50,706	82,561	27,156	109,717	160,423
Facilities rental	35,503	5,637	30,936	72,076	27,116	27,304	54,420	126,496
Office	6,193	983	5,396	12,572	38,206	30,104	68,310	80,882
Provision for credit losses (net of collections)	25,053	3,977	21,830	50,860	-	-	-	50,860
	<u>\$ 3,186,168</u>	<u>\$ 768,296</u>	<u>\$ 1,071,436</u>	<u>\$ 5,025,900</u>	<u>\$ 751,800</u>	<u>\$ 876,701</u>	<u>\$ 1,628,501</u>	<u>\$ 6,654,401</u>

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

Coast Guard Mutual Assistance

Statement of Functional Expenses

Year Ended December 31, 2024

	Program Expenses			Supporting Services				Total
	Disasters and Emergencies	Education	Family Support	Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	
Grants	\$ 1,239,657	\$ 1,467,182	\$ 248,835	\$ 2,955,674	\$ -	\$ -	\$ -	\$ 2,955,674
Salaries and benefits	383,488	174,647	271,163	829,298	601,172	451,729	1,052,901	1,882,199
Miscellaneous	56,472	25,720	39,935	122,127	31,583	240,959	272,542	394,669
Fees for services	26,347	11,999	18,630	56,976	101,288	85,313	186,601	243,577
Printing and mailing	147	67	104	318	939	215,020	215,959	216,277
Information technology	47,361	21,569	33,489	102,419	52,396	41,931	94,327	196,746
Facilities rental	26,824	12,216	18,967	58,007	42,277	31,669	73,946	131,953
Provision for credit losses (net of collections)	64,459	18,238	28,317	111,014	-	-	-	111,014
Office	4,954	2,256	3,503	10,713	38,318	23,504	61,822	72,535
Depreciation	19,281	8,781	13,633	41,695	12,958	9,476	22,434	64,129
	<u>\$ 1,868,990</u>	<u>\$ 1,742,675</u>	<u>\$ 676,576</u>	<u>\$ 4,288,241</u>	<u>\$ 880,931</u>	<u>\$ 1,099,601</u>	<u>\$ 1,980,532</u>	<u>\$ 6,268,773</u>

Coast Guard Mutual Assistance

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 8,014,837	\$ 2,773,282
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	207,022	64,129
Amortization of right-of-use asset - operating lease	108,529	106,788
Provision for credit losses	50,860	111,014
Realized and unrealized gains on investments	(5,695,257)	(4,114,441)
Realized and unrealized gains on beneficial interest in perpetual trust	(165,851)	(133,770)
Change in current assets and liabilities:		
Decrease (increase) in:		
Promises to give	579,655	1,447,566
Prepaid expenses	10,588	(11,180)
Loans receivable, net	(1,306,565)	(1,144,238)
Increase (decrease) in:		
Accounts payable	1,174	(141,865)
Accrued leave	(5,557)	9,944
Deferred revenue	30,160	-
Operating lease liability	(129,592)	(124,334)
Net cash provided by (used in) operating activities	<u>1,700,003</u>	<u>(1,157,105)</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(276,790)	(776,889)
Purchases of investments	(21,530,258)	(21,628,562)
Proceeds from sale of investments	22,787,713	22,708,256
Receipts from perpetual trust	65,867	57,199
Net cash provided by investing activities	<u>1,046,532</u>	<u>360,004</u>
Net increase (decrease) in cash and cash equivalents	2,746,535	(797,101)
CASH AND CASH EQUIVALENTS		
Beginning of year	3,578,812	4,375,913
End of year	<u>\$ 6,325,347</u>	<u>\$ 3,578,812</u>
BALANCE SHEET PRESENTATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 3,054,833	\$ 3,262,484
Restricted cash and cash equivalents	3,270,514	316,328
	<u>\$ 6,325,347</u>	<u>\$ 3,578,812</u>

Coast Guard Mutual Assistance

Notes to Financial Statements

December 31, 2025

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 follow:

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).

Classes of Net Assets

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 of net assets as follows:

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.

Coast Guard Mutual Assistance

Notes to Financial Statements

December 31, 2025

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. A portion of the funds were invested in fixed income securities and totaled \$4,543,203 and \$8,940,876 at December 31, 2025 and 2024, respectively. The remainder of the balance is reflected as restricted cash on the statements of financial position at December 31, 2025 and 2024.

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 the 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.

Credit Risk

CGMA maintains cash accounts at one bank. CGMA places its cash accounts with high credit quality financial institutions where balances may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits in the normal course of business. Cash in excess of FDIC limits was \$2,030,231 and \$1,097,339, at December 31, 2025 and 2024, respectively.

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.

Coast Guard Mutual Assistance

Notes to Financial Statements

December 31, 2025

Loans Receivable

Loans receivable is 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 \$45,371 and \$86,603 of loans receivable in 2025 and 2024, 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 \$1,483,616 and \$45,665 in 2025 and 2024, 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 deducted 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.

CGMA measures expected credit losses for loans on a pooled basis when similar risk characteristics exist. CGMA has identified the following portfolio segments and calculated 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 cannot take payment out of their pay because CGMA does not have access to their pay system. This makes collections of these loans slightly more difficult.
- 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.

Coast Guard Mutual Assistance

Notes to Financial Statements

December 31, 2025

- 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 different 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 CGMA's loans receivable and the related allowance for credit losses.

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. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives as follows:

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

Contributions

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 restrictions 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.

Coast Guard Mutual Assistance

Notes to Financial Statements

December 31, 2025

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. If the interest rate is not stated in the contract, CGMA has elected the practical expedient to use a risk-free rate, the U.S. Treasury rate as of the date of lease commencement, using a period comparable to the lease term, instead of the incremental borrowing rate as the discount rate.

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 \$89,604 and \$13,211 for 2025 and 2024, 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.

Reclassification

Certain reclassifications have been made to prior year amounts in order to conform with current year presentation. These reclassifications had no effect on the previously reported change in net assets or total net assets.

Subsequent Events

In preparing these financial statements, CGMA has evaluated events and transactions for potential recognition or disclosure through March 2, 2026, 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 statement of financial position date at December 31:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,054,833	\$ 3,262,484
Promises to give - all current	3,212	582,867
	<u>\$ 3,058,045</u>	<u>\$ 3,845,351</u>

Coast Guard Mutual Assistance

Notes to Financial Statements

December 31, 2025

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 \$47,374,968 and \$42,937,166 at December 31, 2025 and 2024, respectively, CGMA has a total of \$42,831,765 and \$33,996,290 that can be used as needed to fund operations. The remaining \$4,543,203 and \$8,940,876, respectively, are earmarked to be utilized to fund loans offered as assistance. Further, restricted cash and cash equivalents of \$3,270,514 and \$316,328 at December 31, 2025 and 2024, 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:

	<u>2025</u>	<u>2024</u>
Equities:		
U.S. Large Cap	\$ 13,894,026	\$ 11,361,672
U.S. Mid Cap	8,269,877	6,642,076
U.S. Small Cap	5,562,100	4,718,005
International developed	8,177,758	5,882,744
Emerging markets	2,704,392	2,196,651
Fixed income securities:		
Investment grade taxable	6,344,520	9,450,118
Investment grade tax exempt	683,255	3,191
International developed bonds	-	1,241,551
Commodities	1,739,040	1,441,158
	<u>\$ 47,374,968</u>	<u>\$ 42,937,166</u>

Investment income of \$6,838,767 and \$5,226,216 for 2025 and 2024, respectively, is presented net of investment fees of \$140,243 and \$149,993 for 2025 and 2024, respectively, on the statements of activities.

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 \$65,867 and \$57,199 in 2025 and 2024, respectively, from the trust. CGMA recognized net gains of \$165,851 and \$133,770 during 2025 and 2024, 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.

Coast Guard Mutual Assistance

Notes to Financial Statements

December 31, 2025

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, 2025 and 2024.

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:

	Assets at Fair Value as of December 31, 2025				
	Total	Level 1	Level 2	Level 3	NAV
Equities:					
U.S. Large Cap	\$ 13,894,026	\$ 13,894,026	\$ -	\$ -	\$ -
U.S. Mid Cap	8,269,877	8,269,877	-	-	-
U.S. Small Cap	5,562,100	5,562,100	-	-	-
International developed	8,177,758	8,177,758	-	-	-
Emerging markets	2,704,392	2,704,392	-	-	-
Fixed income securities:					
Investment grade taxable	6,344,520	-	6,344,520	-	-
Investment grade tax exempt	683,255	-	683,255	-	-
Commodities	1,739,040	-	1,739,040	-	-
	47,374,968	38,608,153	8,766,815	-	-
Beneficial interest in perpetual trust	1,494,530	-	-	-	1,494,530
	\$ 48,869,498	\$ 38,608,153	\$ 8,766,815	\$ -	\$ 1,494,530

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	Assets at Fair Value as of December 31, 2024				
	Total	Level 1	Level 2	Level 3	NAV
Equities:					
U.S. Large Cap	\$ 11,361,672	\$ 11,361,672	\$ -	\$ -	\$ -
U.S. Mid Cap	6,642,076	6,642,076	-	-	-
U.S. Small Cap	4,718,005	4,718,005	-	-	-
International developed	5,882,744	5,882,744	-	-	-
Emerging markets	2,196,651	2,196,651	-	-	-
Fixed income securities:					
Investment grade taxable	9,450,118	-	9,450,118	-	-
International developed bonds	1,241,551	-	1,241,551	-	-
Investment grade tax exempt	3,191	-	3,191	-	-
Commodities	1,441,158	-	1,441,158	-	-
	42,937,166	30,801,148	12,136,018	-	-
Beneficial interest in perpetual trust	1,394,546	-	-	-	1,394,546
	\$ 44,331,712	\$ 30,801,148	\$ 12,136,018	\$ -	\$ 1,394,546

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, 2025 and 2024, CGMA had uncollateralized loans receivable of \$7,182,647 and \$5,921,453, 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, 2025 and 2024, are shown net of an allowance for credit losses of \$106,014 and \$100,525, 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 loans receivable at December 31:

	2025	2024
Active duty members	\$ 4,403,514	\$ 4,314,563
Coast Guard auxiliary members	126,036	131,287
Coast Guard civilian employees	1,549,405	503,410
Reserve members	383,793	319,520
Retired members	582,559	532,482
Separated members	117,196	105,771
Widow and other	20,144	14,420
Total loans receivable	\$ 7,182,647	\$ 5,921,453

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At December 31, 2025 and 2024, program expenses do not include \$8,908,373 and \$6,200,471, respectively, in interest-free loans made by CGMA, and revenues do not include \$6,118,192 and \$5,010,568, 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 at December 31:

	2025	2024
Loan receivable, beginning balance	\$ 5,921,453	\$ 4,863,818
New loans issued	8,908,373	6,200,471
Loans written off	(45,371)	(86,603)
Loans converted to grants	(1,483,616)	(45,665)
Payments received on loans	(6,118,192)	(5,010,568)
Loans receivable, ending balance	<u>\$ 7,182,647</u>	<u>\$ 5,921,453</u>

Note 8 – Allowance for Credit Losses

The following table summarizes the activity related to the allowance for credit losses for the year ended December 31, 2025:

	Balance December 31, 2024	Write-Offs ⁽¹⁾	Provisions for Credit Loss	Balance December 31, 2025
Active duty members	\$ 3,452	\$ (5,609)	\$ 6,091	\$ 3,934
Coast Guard auxiliary members	33,242	(30,290)	16,343	19,295
Coast Guard civilian members	3,927	50	5,525	9,502
Reserve members	23,867	(9,388)	12,695	27,174
Retired members	11,236	(355)	1,898	12,779
Separated members	21,038	-	10,308	31,346
Widow and other	3,763	221	(2,000)	1,984
	<u>\$ 100,525</u>	<u>\$ (45,371)</u>	<u>\$ 50,860</u>	<u>\$ 106,014</u>

⁽¹⁾ Recorded directly to loans receivable and expenses during 2025.

The following table summarizes the activity related to the allowance for credit losses for the year ended December 31, 2024:

	Balance December 31, 2023	Write-Offs ⁽¹⁾	Provisions for Credit Loss	Balance December 31, 2024
Active duty members	\$ 2,530	\$ 302	\$ 620	\$ 3,452
Coast Guard auxiliary members	14,305	(8,623)	27,560	33,242
Coast Guard civilian members	2,596	(6,730)	8,061	3,927
Reserve members	21,117	(14,572)	17,322	23,867
Retired members	13,649	(4,046)	1,633	11,236
Separated members	18,608	-	2,430	21,038
Widow and other	3,309	(52,934)	53,388	3,763
	<u>\$ 76,114</u>	<u>\$ (86,603)</u>	<u>\$ 111,014</u>	<u>\$ 100,525</u>

⁽¹⁾ Recorded directly to loans receivable and expenses during 2024.

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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, 2025:

	Current	30 – 59 Days	60 – 89 Days	90 – 120 Days	Past Due 120 Days	Total
Active duty members	\$ 4,360,764	\$ 20,364	\$ 8,409	\$ 5,569	\$ 8,408	\$ 4,403,514
Coast Guard auxiliary members	94,644	10,627	2,380	-	18,384	126,035
Coast Guard civilian members	1,514,189	7,813	2,250	4,837	20,316	1,549,405
Reserve members	302,748	22,646	15,545	3,832	39,022	383,793
Retired members	500,083	12,220	2,875	19,300	48,082	582,560
Separated, widow, and other	43,261	16,934	733	9,573	66,839	137,340
	\$ 6,815,689	\$ 90,604	\$ 32,192	\$ 43,111	\$ 201,051	\$ 7,182,647

The following table presents the loans by member status by credit quality indicator as of December 31, 2024:

	Current	30 – 59 Days	60 – 89 Days	90 – 120 Days	Past Due 120 Days	Total
Active duty members	\$ 4,297,577	\$ 16,986	\$ -	\$ -	\$ -	\$ 4,314,563
Coast Guard auxiliary members	90,181	7,716	4,450	8,414	20,526	131,287
Coast Guard civilian members	471,111	10,432	5,337	6,000	10,530	503,410
Reserve members	242,272	45,674	4,695	3,136	23,743	319,520
Retired members	477,773	15,261	11,909	11,680	15,859	532,482
Separated, widow, and other	23,251	28,275	13,542	50	55,073	120,191
	\$ 5,602,165	\$ 124,344	\$ 39,933	\$ 29,280	\$ 125,731	\$ 5,921,453

Note 9 – Property and Equipment

Property and equipment consisted of the following at December 31:

	2025	2024
Furniture and fixtures	\$ 30,255	\$ 38,151
Computer software	2,374,172	2,125,425
Website	67,850	67,850
	<u>2,472,277</u>	<u>2,231,426</u>
Accumulated depreciation and amortization	(1,505,173)	(1,334,090)
	\$ 967,104	\$ 897,336

Note 10 – Leases

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 five 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, was \$110,417 for the years ended December 31, 2025 and 2024.

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Weighted-average lease term and discount rate were as follows as of December 31:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term	0.58 years	1.58 years
Weighted-average discount interest rate	1.37%	1.37%

The maturities of operating lease liabilities as of December 31, 2025, were as follows:

<u>Year Ending</u>	
2026	\$ 78,446
Less interest	(268)
Total lease liability	<u>\$ 78,178</u>

CGMA's lease does not include variable payments.

Note 11 – Line of Credit

In January 2019, CGMA obtained a \$15,000,000 line of credit from Bank of America. Borrowings bore interest at the Bloomberg one-month short-term yield (BSBY) rate plus .75% through November 15, 2024. Effective November 15, 2024, borrowings bear interest at the Secured Overnight Financing Rate (SOFR) plus .75% and is payable monthly. The interest rate at December 31, 2025 and 2024, was 4.62% and 5.24%, 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 \$33,479,018 and \$25,740,979 at December 31, 2025 and 2024, respectively. There were no drawdowns on the line of credit during 2025 and 2024. There is no stated maturity date on this line of credit.

In 2025, CGMA obtained an additional unsecured line of credit for \$5,000,000 from First Command as a response to the government shutdown that occurred between October and November 2025. The line does not bear interest and matures after six months. CGMA does not intend to renew the line of credit once it matures. There were no drawdowns on the line of credit during 2025.

Note 12 – Net Assets with Donor Restrictions

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

	<u>2025</u>	<u>2024</u>
Emergency assistance	\$ 15,000,000	\$ 15,000,000
Beneficial interest in perpetual trust	1,494,530	1,394,546
Promises to give	3,212	582,867
Other	236,046	83,311
Lily Endowment, Inc. grant, capacity building support	3,989,083	-
	<u>\$ 20,722,871</u>	<u>\$ 17,060,724</u>

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Notes to Financial Statements

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

	<u>2025</u>	<u>2024</u>
Promises to give	\$ 579,655	\$ 2,008,106
Emergency assistance	392,323	499,304
Hurricane	-	26,147
Beneficial interest in perpetual trust	65,867	57,199
Other	35,664	28,447
Bob Woodruff Foundation grant, debt and financial assistance	337,336	8,400
Lily Endowment, Inc. grant, capacity building support	10,917	-
	<u>\$ 1,421,762</u>	<u>\$ 2,627,603</u>

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 \$62,658 and \$53,757 for the years ended December 31, 2025 and 2024, respectively, and are included in salaries and benefits on the statements of functional expenses.

Note 14 – Subsequent Event

At December 31, 2025, CGMA was working on securing a lease for office space as their current lease ends on July 31, 2026. The new lease will be an operating lease with a five-year term. The lease includes a renewal option for an additional five years. Total rent for the first year is \$74,400 and will increase by 2.5% annually over the initial term of the lease. The lease is expected to commence on the earlier of July 1, 2026, or the date that CGMA takes possession once the landlord completes all the necessary renovations. The lease has not yet been finalized as of the date of the audit report.