

Buzzards Bay Coalition, Inc. and Affiliate

Consolidated Financial Statements and Additional Information (with Independent Auditors' Report Thereon)

December 31, 2025 and 2024



| **Allan Smith & Company, CPAs PC**

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Consolidated Financial Statements and Additional Information

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Independent Auditors' Report

To the Board of Directors
Buzzards Bay Coalition and Affiliate
New Bedford, Massachusetts

Report on the audit of the financial statements:

Opinion:

We have audited the accompanying consolidated financial statements of Buzzards Bay Coalition, Inc. and the Acushnet River Reserve, Inc. (hereinafter "Affiliate") (Massachusetts not-for-profit corporations) (hereinafter collectively "Organization") which comprise the consolidated statements of financial position as of December 31, 2025 and 2024 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' responsibilities for the audit of the financial statements:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary information:

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other reporting required by Government Auditing Standards:

In accordance with Government Auditing Standards, we have also issued our report dated July 30, 2026, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Allan Smith and Company CPAs PC". The signature is written in a cursive, flowing style.

Allan Smith and Company, CPAs PC
Stoughton, Massachusetts
July 30, 2026

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Consolidated Statement of Financial Position

December 31, 2025 and 2024

	December 31,	
<u>Assets:</u>	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 4,963,406	\$ 4,898,393
Board designated cash for endowment	935,628	-
Accounts and contracts receivable, net	583,093	768,178
Pledges receivable, net, current portion	582,389	191,378
Mortgage receivable, current portion	31,523	29,692
Deposits on properties	136,000	1,060,000
Prepaid expenses	137,490	133,821
Total current assets	7,369,529	7,081,462
Long-term assets:		
Pledges receivable, net of current portion	1,003,377	935,937
Mortgage receivable, net of current portion	638,785	670,308
Land, buildings and equipment, net	14,550,692	13,767,412
Right-of-use assets, net	83,508	113,617
Long-term investments	19,166,151	11,088,940
Conservation properties	22,755,438	18,215,970
Total long-term assets	58,197,951	44,792,184
Total assets	\$ 65,567,480	\$ 51,873,646
<u>Liabilities and net assets:</u>		
Current liabilities:		
Accounts payable	\$ 469,048	\$ 385,045
Accrued expenses	454,739	727,457
Deferred revenue	9,964	20,379
Note payable, lines of credit	2,054,124	1,456,330
Note payable, current portion	-	1,475,475
Operating lease liabilities, current portion	31,320	30,109
Total current liabilities	3,019,195	4,094,795
Long-term liabilities:		
Long-term note payable, net of current portion	150,000	150,000
Operating lease liabilities, net of current portion	52,188	83,508
Total long-term liabilities	202,188	233,508
Total liabilities	3,221,383	4,328,303
Net assets:		
Without donor restrictions		
Unrestricted	31,739,064	26,873,257
Board designated	4,082,920	1,710,877
Total without donor restrictions	35,821,984	28,584,134
With donor restrictions	26,524,113	18,961,209
Total net assets	62,346,097	47,545,343
Total liabilities and net assets	\$ 65,567,480	\$ 51,873,646

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Consolidated Statement of Activities

Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operations:			
Revenue and support:			
Grants and contributions	\$ 2,600,665	\$ 5,009,593	\$ 7,610,258
Government grants and contracts	18,008,352	-	18,008,352
Fundraising events	640,289	-	640,289
Program revenues	145,934	-	145,934
Rental income	203,872	-	203,872
Investment return appropriated for operations per spending policy	87,411	345,714	433,125
Contributions of non-financial assets	306,614	-	306,614
Other earned income, net	303,960	-	303,960
Total revenue and support from operations	22,297,097	5,355,307	27,652,404
Expenses:			
Program services	17,263,945	-	17,263,945
General and administrative	1,306,375	-	1,306,375
Fundraising and development	1,035,973	-	1,035,973
Total expenses from operations	19,606,293	-	19,606,293
Net assets released from restrictions for operations	4,005,346	(4,005,346)	-
Change in net assets from operations	6,696,150	1,349,961	8,046,111
Other non-operational activities:			
Contributions for non-operational purposes and related expenses:			
Capital grants and contributions	-	5,100,000	5,100,000
Endowment contributions	-	2,105,000	2,105,000
Loss on property impairments	(1,791,696)	-	(1,791,696)
Gain on sale of properties with conservation easements	485,708	-	485,708
Depreciation expense	(529,649)	-	(529,649)
Interest expense	(163,964)	-	(163,964)
Total non-operational contributions and related expenses	(1,999,601)	7,205,000	5,205,399
Non-operational net assets released from restrictions	2,195,597	(2,195,597)	-
Net investment return	433,115	1,549,254	1,982,369
Less: Investment return allocated to operations per spending policy	(87,411)	(345,714)	(433,125)
Change in non-operational activities	541,700	6,212,943	6,754,643
Change in net assets	7,237,850	7,562,904	14,800,754
Net assets, beginning	28,584,134	18,961,209	47,545,343
Net assets, ending	\$ 35,821,984	\$ 26,524,113	\$ 62,346,097

See accompanying notes to financial statements.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Consolidated Statement of Activities

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operations:			
Revenue and support:			
Grants and contributions	\$ 2,552,925	\$ 887,213	\$ 3,440,138
Government grants and contracts	7,647,817	-	7,647,817
Fundraising events	602,303	-	602,303
Program revenues	107,167	-	107,167
Rental income	235,517	-	235,517
Investment return allocated to operations per spending policy	158,851	191,505	350,356
Contributions of non-financial assets	370,657	-	370,657
Other earned income, net	90,847	-	90,847
Total revenue and support from operations	11,766,084	1,078,718	12,844,802
Expenses:			
Program services	11,221,225	-	11,221,225
General and administrative	1,268,798	-	1,268,798
Fundraising and development	976,937	-	976,937
Total expenses from operations	13,466,960	-	13,466,960
Net assets released from restrictions for operations	3,543,551	(3,543,551)	-
Change in net assets from operations	1,842,675	(2,464,833)	(622,158)
Other non-operational activities:			
Contributions for non-operational purposes and related expenses:			
Capital grants and contributions	-	2,250,000	2,250,000
Endowment contributions	-	1,984,303	1,984,303
Loss on property impairments	(133,253)	-	(133,253)
Loss on sale of properties with conservation easements	(1,331,346)	-	(1,331,346)
Depreciation expense	(604,944)	-	(604,944)
Interest expense	(256,837)	-	(256,837)
Total non-operational contributions and related expenses	(2,326,380)	4,234,303	1,907,923
Non-operational net assets released from restrictions	1,688,183	(1,688,183)	-
Net investment return	539,615	675,297	1,214,912
Less: Investment return allocated to operations per spending policy	(158,851)	(191,505)	(350,356)
Change in non-operational activities	(257,433)	3,029,912	2,772,479
Change in net assets	1,585,242	565,079	2,150,321
Net assets, beginning	26,998,892	18,396,130	45,395,022
Net assets, ending	\$ 28,584,134	\$ 18,961,209	\$ 47,545,343

See accompanying notes to financial statements.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

Year Ended December 31, 2025

	Program Services	General and Administrative	Fundraising and Development	Total
Conservation easements	\$ 10,202,358	\$ -	\$ -	\$ 10,202,358
Salaries and benefits	2,363,037	904,451	703,556	3,971,044
Land restoration, preservation and stewardship	2,125,322	-	-	2,125,322
Land consultants and other professional fees	1,328,783	84,250	13,850	1,426,883
Occupancy and insurance	420,145	83,725	26,058	529,928
Program supplies	364,150	22,017	5,602	391,769
Meetings and special events	16,276	16,721	189,357	222,354
Land fees, permits and lab testing	184,542	-	-	184,542
Information technology	6,603	94,969	47,142	148,714
Printing and postage	93,415	12,186	14,578	120,179
Office	8,711	52,876	5,268	66,855
Staff travel	43,705	9,169	3,172	56,046
Fees and permits	12,593	2,596	24,762	39,951
Staff training, gear and uniforms	31,802	1,269	761	33,832
Telephone and internet	7,154	17,430	-	24,584
Dues, subscriptions and memberships	16,157	4,097	1,152	21,406
Rentals	15,075	-	-	15,075
Advertising and outreach	11,415	75	715	12,205
Volunteer support	5,395	-	-	5,395
Vehicle expenses	4,197	544	-	4,741
Equipment maintenance and repairs	2,560	-	-	2,560
Grants to other organizations	550	-	-	550
Total expenses from operations	\$ 17,263,945	\$ 1,306,375	\$ 1,035,973	\$ 19,606,293

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services	General and Administrative	Fundraising and Development	Total
Conservation easements	\$ 4,148,464	\$ -	\$ -	\$ 4,148,464
Salaries and benefits	2,147,069	821,393	639,598	3,608,060
Land consultants and other professional fees	3,174,856	163,955	38,255	3,377,066
Land restoration, preservation and stewardship	825,290	-	-	825,290
Occupancy and insurance	300,338	76,201	24,065	400,604
Meetings and special events	17,866	18,354	207,852	244,072
Program supplies	164,685	9,957	2,534	177,176
Information technology	5,859	84,263	41,828	131,950
Grants to other organizations	122,746	-	-	122,746
Land fees, permits and lab testing	106,410	-	-	106,410
Printing and postage	57,159	7,456	8,920	73,535
Office	9,137	55,462	5,526	70,125
Staff travel	37,248	7,815	2,704	47,767
Staff training, gear and uniforms	35,752	1,426	856	38,034
Fees and permits	11,144	2,297	21,914	35,355
Telephone and internet	6,427	15,659	-	22,086
Dues, subscriptions and memberships	15,796	4,006	1,126	20,928
Bad debt recoveries	-	-	(18,759)	(18,759)
Rentals	11,799	-	-	11,799
Advertising and outreach	8,264	54	518	8,836
Equipment maintenance and repairs	8,373	-	-	8,373
Vehicle expenses	3,857	500	-	4,357
Volunteer support	2,686	-	-	2,686
Total expenses from operations	\$ 11,221,225	\$ 1,268,798	\$ 976,937	\$ 13,466,960

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Consolidated Statement of Cash Flows

Years Ended December 31, 2025 and 2024

	December 31,	
	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 14,800,754	\$ 2,150,321
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	529,649	604,944
Bad debts	-	(18,759)
Unrealized gains on long-term investments	(1,223,483)	(452,343)
Realized losses (gains) on sale on long-term investments	4,427	(415,529)
(Gain) loss on sale of conservation easement property	(485,708)	1,331,346
Impairment loss on conservation easement property	1,791,696	133,253
Adjustment for collection for pledges of conservation easement property	(1,555,889)	(350,000)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	185,085	970,545
Pledges receivable, net of collections for long-lived assets	(2,014,340)	674,887
Prepaid expenses	(3,669)	(10,340)
Increase (decrease) in liabilities:		
Accounts payable	84,003	(184,636)
Accrued expenses	(1,748,193)	574,706
Deferred revenue	(10,415)	1,711
Total adjustments	(4,446,837)	2,859,785
Net cash provided by operating activities	10,353,917	5,010,106
Cash flows from investing activities:		
Deposits on conservation properties	924,000	(1,483,990)
Advances of mortgage note receivable	-	(700,000)
Repayments of mortgage note receivable	29,692	-
Land, buildings, and equipment acquisitions, and construction in progress	(1,312,929)	(570,512)
Purchases of long-term investments	(7,677,842)	(3,655,000)
Sales of long-term investments	1,123,727	1,930,224
Acquisition of conservation properties	(4,950,597)	(2,872,689)
Proceeds from sale of conservation restricted properties	896,837	1,829,876
Net cash used in investing activities	(10,967,112)	(5,522,091)
Cash flows from financing activities:		
Collection for pledges of conservation easement properties	1,555,889	350,000
Advances from the conservation properties line-of-credit	3,287,500	2,830,000
Repayments of conservation properties line-of-credit	(2,689,706)	(2,276,855)
Advances of bridge loan (Note 20)	2,500,000	-
Repayments of bridge loan (Note 20)	(2,500,000)	-
Principal payments on notes payable	(1,475,475)	-
Net cash provided by financing activities	678,208	903,145
Net increase in cash and cash equivalents	65,013	391,160
Cash and cash equivalents, beginning of year	4,898,393	4,469,733
Cash and cash equivalents, end of year	\$ 4,963,406	\$ 4,898,393
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid during the year for interest	\$ 178,464	\$ 242,337

See accompanying notes to financial statements.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies:

Organization and nature of operations:

Buzzards Bay Coalition, Inc. (hereinafter “Coalition”), is a Massachusetts not-for-profit corporation founded in 1987 as a membership-supported organization “dedicated to the protection, restoration and sustainable use and enjoyment” of Buzzards Bay and its watershed. The Coalition works to improve the health of the Buzzards Bay and Vineyard Sound ecosystems for all through education, conservation, science and advocacy. The Coalition derives the majority of its revenue through donor contributions and government grants.

The Coalition’s goal is to conserve, restore and maintain the region’s coastal, river and drinking water quality as well as the upland forests, wetlands and streams that support the coastal ecosystem for fish, shellfish, wildlife and, most importantly, people. The Coalition pursues its mission through specific programs including the Baywatchers water quality monitoring program that engages volunteer support to complete water sampling tests weekly at over 200 locations throughout Buzzards Bay and the Vineyard Sound, creating a wealth of long-term data as well as informing the next Coalition effort around the watershed. This monitoring is incorporated in the Coalition’s publishing of a periodic “State of Buzzards Bay” report that offers a comprehensive review of the health of the Bay. Using indicators in the categories of water pollution, watershed health and living resources, the report provides an overall score of the Bay’s health when compared with prior reporting periods.

The clean water advocacy program navigates the regulatory environment at the local, state and Federal levels in the effort of Bay restoration and protection; and the Coalition’s public advocacy through strategic engagement and learning programs designed to inspire and engage the decision makers in government, business, agriculture and general public to provide real-world solutions for people whose daily decisions affect the health of the Buzzards Bay watershed. The Coalition is redefining youth programs by turning forests, beaches and salt marshes into resources for children and young adults to learn and develop a life-long love for Buzzards Bay. From year-round school programs to summer camps, the outdoor exploration programs are fun, informative and affordable for all.

The Coalition also operates an accredited land protection program that acquires and holds conservation land and conservation restrictions on thousands of acres of forest, farmland and wetlands around the Buzzards Bay watershed. Since 1998, the Coalition has protected more than 9,000 acres through ownership of conservation land and conservation restrictions. Beginning in 2014, the Coalition as well as the Acushnet River Reserve, Inc. (hereinafter “Affiliate”) have held accreditation from the National Land Trust Accreditation Commission, which is the highest national recognition that a land conservation organization can receive.

A summary of significant accounting policies consistently applied in the preparation of the consolidated financial statements follows:

Basis of presentation and consolidation policy:

The Acushnet River Reserve, Inc. is a not-for-profit organization incorporated in September 2010. The Affiliate was formed to acquire and maintain real estate and to restore natural resources within the Acushnet River watershed for conservation, scientific, educational and recreational purposes. The Coalition is the sole member of the Affiliate.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies - continued:

Basis of presentation and consolidation policy - continued:

The Coalition and Affiliate prepare their consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (hereinafter “U.S. GAAP”). The accompanying consolidated financial statements include the accounts of Buzzards Bay Coalition, Inc. and Acushnet River Reserve, Inc. (hereinafter collectively “Organization”). Significant intercompany balances and transactions have been eliminated in consolidation. For 2025 and 2024, there were no significant eliminating journal entries in the consolidation of these entities.

Use of estimates and assumptions:

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Organization’s management to make estimates and assumptions. These affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant estimates include the valuation assumptions associated with the net realizable value of accounts receivable, pledges receivable and permanent impairment on conservation properties. Actual results could differ from those estimates and assumptions.

Financial statement presentation:

The consolidated financial statements are presented on the accrual basis and in accordance with the reporting principles of not-for-profit accounting. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed (or certain grantor) restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These resources are comprised of public support and program revenues which are available and used for operations and programming.

Board designated net assets – The governing board of the Organization may elect to designate net assets without donor restrictions for specific purposes. The Board of Directors has designated certain investments for long-term growth and investment to support operational needs. Income earned from these funds are reinvested net of amount withdrawn, in accordance with the endowment spending policy. This designation may be removed at the Board’s discretion.

Net assets with donor restrictions – Net assets which are subject to donor-imposed (or certain grantor) restrictions. Some donor-imposed restrictions either expire with the passage of time and/or can be fulfilled and removed by the actions of the Organization to comply with the donor-imposed restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions in the period in which the donor-imposed stipulations are met or the stipulated time restrictions have passed, or both. Resources of this nature originate from contributions, grants, bequests, contracts and investment income earned on donor restricted funds.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies – continued:

Financial statement presentation - continued:

Grants, which are limited to the use of various programs, are reflected as a component of net assets without donor restrictions if the funds are received and spent during the same year and if they support the activities of the Organization within the limits of the Organization's articles of organization. Grant and contract receipts in excess of revenue recognized are presented as deferred revenue or contract liabilities. Gifts of long-lived assets with explicit restrictions that specify how the donated assets must be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. The Organization reports the expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

Cash and cash equivalents:

For purposes of the Consolidated Statements of Cash Flows, the Organization considers all highly liquid debt instruments and money market funds with a maturity of three (3) months or less when purchased, other than those held in the investment portfolio, to be cash equivalents.

Accounts and contracts receivable and uncollectible accounts:

Accounts and contracts receivable are presented at net realizable value which approximates fair value with an allowance for credit losses. Accounts and contracts receivable at the Consolidated Statements of Financial Position date are stated at the amounts expected to be collected. The Organization evaluates its accounts receivable and contract assets and establishes its allowance for credit losses, if necessary, based on its history of past write-offs and collections by payor and considering current economic and credit conditions when recording the receivables. At December 31, 2025 and 2024, the allowance for credit losses on contracts receivable was \$-. Accounts are written off and charged against the allowance for credit loss when management believes that the collectability of the specific account is unlikely.

Pledges receivable:

The Organization carries its pledges receivable at net present value less an allowance for uncollectible pledges, if appropriate. On a periodic basis, all pledges are evaluated for collectability and are written off after it is evident that the collection effort has little or no chance of near-term success. Based on this review, the Organization evaluates its pledges receivable and adjusts its allowance for uncollectible pledges based on its history of past write-offs, donor-specific collections, and current economic and credit conditions. At December 31, 2025 and 2024, the allowance for uncollectible pledges receivable was \$24,972 and \$11,741, respectively. It is reasonably possible that the Organization's estimate of the allowance for credit losses on pledges receivable will change. Pledges receivable are made primarily by individuals located throughout Massachusetts and are reflected at the present value of estimated future cash flows using a risk adjusted discount rate.

Deposits on properties:

The Organization, at times, provides deposits to the sellers of conservation properties to affirm a commitment to purchase a property if the due diligence subsequently performed is favorable. Deposits are typically fully refundable if the transaction is not completed as a result of contingencies that could not be resolved.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies – continued:

Land, buildings and equipment:

Land, buildings and equipment are stated at cost at the date of acquisition or fair value at the date of donation, in the case of gifts. Land, buildings and equipment are recorded as net assets without donor restrictions or net assets with donor restrictions, in the case of donations with time stipulations. Expenditures that significantly add to the productivity, or extend the useful lives of property and equipment, are capitalized. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred. Land, buildings and equipment are reviewed for permanent impairment on an annual basis.

Depreciation is provided for over the estimated service lives of the respective assets on a straight-line basis. A summary of depreciable lives follows:

Buildings and improvements	39 Years
Office and program equipment	5 – 10 Years
Computer equipment and software	3 Years
Motor vehicles and boats	5 – 10 Years

The Organization performs a formal capital needs assessment on a routine basis. Anticipated replacement and betterment of buildings, improvements and equipment are incorporated in the annual and long-term budgeting process. Currently, the long-lived assets held require no significant scheduled maintenance that has not been contemplated in the long-term capital budgeting process. The cost of routine and non-routine service is funded on a “pay as you go” basis and significant activities are contemplated for funding by the Board of Directors using capital campaigns and current operational funding as allowed.

Leases and right-of-use assets and liabilities:

The Organization assesses whether, as a lessee in lease contracts, it obtains the right to control the asset for an extended period of time exceeding twelve (12) months. Operating lease right-of-use (hereinafter "ROU") assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease; both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date of the lease. Leases with a lease term of twelve (12) months or less at inception are not recorded in the Consolidated Statements of Financial Position but are expensed on a straight-line basis over the lease term in the Consolidated Statements of Activities. The Organization determines the lease term by assuming the exercise of renewal options that are reasonably certain at the lease inception date. If the Organization's lease does not provide an implicit interest rate, the local incremental borrowing rate based on the information available at the commencement date is used in determining the present value of future payments. If a lease contract contains lease and non-lease components, the Organization accounts for both components as a single lease component. Leases with a term of twelve (12) months or less inclusive of renewal options are considered short-term leases and lease expense is recognized when paid.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies – continued:

Investments and endowment matters:

The long-term focus of the Organization's investment portfolio is to support the Organization's mission by providing a reliable source of funds for current and future use.

The Organization records investments at fair market value which represents the value on the date of donation, or the cost on the date of purchase, plus reinvested earnings and appreciation or depreciation. Investment securities are reported at fair value as described in Note 17. Investments denominated in foreign currency are translated at the year-end spot rate.

Income from pooled investments, realized gains and losses, and unrealized appreciation and depreciation on security transactions are allocated among individual funds with or without donor restrictions on the basis of the respective percentage share in the fund balance which exists at the beginning of each month in which income, realized gains or losses, and unrealized appreciation and depreciation are earned. Realized and unrealized gains and losses are reported in the Consolidated Statements of Activities. Realized gains and losses are determined on the basis of average cost of securities sold based on purchases and sales reflected on a trade-date basis. Investment income or loss (interest, dividends, realized and unrealized gains and losses) is recognized as non-operational revenue in the accounting period in which it occurs. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis. Net investment income and loss is reported in the Consolidated Statements of Activities and consists of interest and dividend income, as well as realized and unrealized capital gains and losses, less external and direct internal investment expenses.

The Organization's investment funds, which include equity mutual funds and fixed income mutual funds, consist of the Organization's ownership interest in externally managed funds which may be invested in less liquid investments. The fair value of these investments is determined by the closing price on the active market in which the individual securities are traded; the Organization considers this a reasonable estimate of fair value as of December 31, 2025 and 2024. The amount of gain or loss associated with these investments is reflected in the accompanying consolidated financial statements.

Management evaluates investments for other-than-temporary impairment at least on a quarterly basis and more frequently when economic or market concerns warrant such evaluation. In estimating other-than-temporary impairment losses, management considers: 1.) the length of time and the extent to which the fair value has been less than cost; 2.) the financial condition and near-term prospects of the issuer; and 3.) the intent and ability of the Organization to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Management also evaluates the risk of credit losses on long-term debt securities and provides for an allowance for credit loss, when suggested.

The Organization maintains endowment investment funds with donor restrictions that are reported in accordance with the reporting principles of not-for-profit accounting and consistent with the *Uniform Prudent Management of Institutional Funds Act of 2006* (hereinafter "UPMIFA") effective June 30, 2009, when adopted by the Commonwealth of Massachusetts. UPMIFA is a model act approved by the Uniform Law Commission, formerly known as the National Conference of Commissioners on Uniform State Laws, that serves as a guideline for states to use in enacting legislation.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies – continued:

Investments and endowment matters – continued:

The Board of Directors of the Organization has interpreted UPMIFA, as adopted by the Commonwealth of Massachusetts, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent of explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds the Organization considers the value of a fund to be deficient if the fair value of the fund is less than the sum of (a) the original value of gifts donated to the fund, (b) the original value of subsequent gifts to the fund, and (c) accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Organization has interpreted UPMIFA to permit spending from deficient funds in a manner consistent with the standard of prudence prescribed by UPMIFA.

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 funds, 2.) the purposes of the Organization and the donor-restricted endowment funds, 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, and 7.) the investment policies of the Organization.

The Board of Directors of the Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. This policy defines the endowment's investment objectives, return and risk parameters, asset allocation ranges and targets, and benchmark performance measurement and evaluation. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity, or for a donor-specified period(s), as well as board-designated funds. Given the relationship between risk and return, a fundamental step in determining the investment policy for the endowment funds is the determination of an appropriate risk tolerance. After taking into consideration such factors as corporate financial stability, uncertainty of cash flows in and out of the endowment funds over the long term, and capital volatility, the Board of Directors believes a moderate risk strategy is prudent.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation, realized and unrealized, and current yield, such as interest and dividends. Real total return is defined as the sum of capital appreciation (or loss) and current income (dividends and interest) adjusted for inflation by the U.S. Consumer Price Index. Actual returns in any given year may vary from this amount. The Organization targets a diversified asset allocation among various financial instruments and asset categories, and uses multiple investment strategies to achieve its long-term return objectives within prudent risk constraints.

Under this policy, as approved by the Board of Directors and routinely reviewed by the Investment Committee, the endowment assets are intended to maximize real total return over the long term (rolling five (5) year periods) while minimizing the risk of not achieving returns over any twelve (12) month period through the diversification of investments within the prescribed classes. The Organization's investment manager targets a diversified asset allocation that places a greater emphasis on equity-based investments with allocations of between forty (40) and eighty percent (80%), of which up to fifteen percent (15%) is invested in international equities and the balance in fixed income securities and cash. The goal of this policy is to achieve its long-term return objectives within prudent risk constraints.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies – continued:

Investments and endowment matters – continued:

As approved by its Board of Directors, the Organization has, in recent years and through September 30, 2024, appropriated for distribution, four percent (4.0%) of its endowment fund's rolling twelve (12) trailing quarter-end fair value. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at the total return less the spending policy. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The Board of Directors, in consideration of its significant conservation projects initiative and aligning with its capital campaign goals through 2030, approved an endowment spending policy to better align with its ambitious capital project financial needs through the term of the campaign. Accordingly, endowment funds received after October 1, 2024 may be appropriated for distribution up to four point five percent (4.5%) of its endowment fund's rolling four (4) trailing quarter-end fair value. Endowed funds received prior to September 30, 2024 will continue to be appropriated for distribution at up to four percent (4.0%) of its endowment fund's rolling twelve (12) trailing quarter-end fair value.

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 possible that changes in values of investment securities could occur in the near term and such changes could materially affect investments.

Land held for resale:

The Organization, on occasion, will receive donations of land that does not directly align with its mission but the donor's intent is that the proceeds of the land gift will be used to support the Organization's conservation and preservation efforts. The fair value is generally determined by appraisal at the time of donation and is not subsequently adjusted until sold. See "*Fair value – definition and measurement*".

Conservation restrictions, easements and related impairment of land:

The Organization records both acquisitions and conveyances at cost, if purchased, or at fair value at the date of acquisition, if all or part of the land was received as a donation. Fair value is generally determined by appraisal at the time of donation and is not subsequently adjusted. See "*Fair value – definition and measurement*".

The Organization also receives donations of conservation restrictions and easements on land to which it does not hold title. These are voluntary legal agreements by which landowners can elect to ensure permanent protection of the conservation values of their property and are recognized by the Commonwealth of Massachusetts under Massachusetts General Law (M.G.L.) Chapter 184 ss. 31.33. These conservation restrictions and easements are reported in the consolidated financial statements at a nominal value, typically \$1. If purchased, the costs are expensed when the restriction or easement is acquired. These conservation restrictions are binding and enforceable on all future landowners of the affected properties. These restrictions generally provide that the land will be maintained unimpaired in its current natural, agricultural, scenic or recreational state. Conservation restrictions and easements are not marketable interests in real estate and, therefore, have no segregable economic value to the Organization. When conservation restrictions are placed on a property, impairment losses on the property are recognized based on the excess of the asset's carrying amount over the fair value of the asset.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies – continued:

Conservation restrictions, easements and related impairment of land - continued:

These conservation restrictions and easements create a perpetual obligation to monitor and be stewards of the properties; the costs of which have not been quantified and accrued for the future but are an ongoing expense in the Organization's annual budget.

At times, the Organization contracts to purchase land which it then sells or donates to local municipalities to further its conservation mission. Conservation properties may be available for sale or transfer to a local community, other not-for-profit organizations, the Commonwealth of Massachusetts, or the Federal government to be held by them for conservation purposes. With the purchase of these properties, the Organization transfers ownership to the municipality which, in turn, grants a conservation restriction to the Organization.

Deferred revenue, contract liabilities and conditional contributions:

The Organization recognizes deferred grant revenue and refundable advances largely related to conditional contributions. The contributions are conditional upon the Organization spending the grant funds on the specific program purposes as outlined in the grant proposal and agreement. Tickets and fees collected in advance of a special event are initially recorded as contract liabilities until the special event has occurred at which time it is recognized as special event revenue.

Revenue recognition:

The Organization's significant revenue streams are as follows:

Government and private grants and contracts – The Organization recognizes revenue from government and private grants and contracts as either exchange transactions (if the resource provider receives commensurate benefit) or conditional contributions. Such revenue is recognized over the period of the performance as qualified allowable costs are incurred. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as refundable advances when received as a cash advance and are recognized as revenue when the Organization has substantially met the conditions of the grant or when the conditions have been explicitly waived by the donor. Government grants and contracts are subject to audit by federal and state agencies. For performance reporting contracts, the grantor pays the agreed upon amounts after the completion and submission of specified deliverables in the contract. For these contracts, the Organization will allocate the transaction price of the contract to the specific performance obligations based on the contract. The Organization recognizes revenue over time when the performance obligations are met and delivered to the grantor.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies – continued:

Revenue recognition - continued:

Contributions – The Organization recognizes unconditional contributions as revenues in the period received and they are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Unconditional contributions include promises to give, those that do not include a measurable performance-related or other barrier or those in which the Organization has unlimited discretion over how the contribution should be spent. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions that include a measurable barrier or those for which the Organization has limited discretion over how the contribution should be spent, and where there exists a right of return or release of future obligations, are considered conditional contributions. Conditional contributions are not recognized until they become unconditional, that is, when the conditions surrounding the indications of the barrier have been met. Contributions of publicly traded securities are recorded at their fair value at the time of donation. It is the Organization's policy to convert contributions of marketable securities to cash as soon as practical and prudent and record them at their estimated fair value at the date of donation. Unconditional promises to give that are expected to be collected within one (1) 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. The discounts on those amounts are computed using a risk-free interest rate adjusted for a market risk premium or the credit worthiness of each donor. Amortization of the discounts is recorded as interest income over time.

Sale of conservation restrictions (hereinafter "CRs") – Sale of CRs are recorded upon receipt of funds. Funds from the sale of CRs are not restricted in their use. Where sales of conservation restrictions result in a reduction of the value of the related land based upon a third-party appraisal received, the decrease in the value of the land is directly offset against revenue realized from the sale of the related conservation restriction. Excess decreases in value above and beyond sales proceeds are recognized as impairment losses when known.

Fundraising and Special Event Revenue – The Organization recognizes event revenue when the event takes place. These are events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (an exchange component), and a portion represents a contribution to the Organization. The fair value of the benefits received by the participant is typically the actual cost of the meals and entertainment provided. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are not netted against "Special Event Revenue" in the Consolidated Statements of Activities but are presented separately. The performance obligation is holding the event. The event fees are predetermined by the Organization and assessed the participant. As the direct benefits to the donor are not considered significant to the total event fee the exchange and contribution components are not separately disclosed, as required by U.S. GAAP. Special event fees received in advance of the event are recognized as liabilities until the event occurs at which time it is recognized as special event revenue.

Programs – The Organization recognizes program revenue at an amount that reflects consideration which the Organization expects to be entitled to in exchange for transferring goods or services to the patron. Due to the nature and varying performance obligations of these contracts, the timing and methods of recognizing revenue from these contracts may vary. Revenue may be recognized ratably over time or at a point in time based on the specific contract provisions.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies – continued:

Revenue recognition - continued:

Rental revenue – The Organization recognizes revenue for rental of its buildings and grounds at the agreed-upon price at a point in time, as rental periods are typically by the hour or for a period of up to sixty (60) days for summer staff housing. The Organization also has a few residential homes that may be rented on an annual basis and for which revenue is recognized over time.

Contributed non-financial assets – The Organization recognizes in-kind goods and services revenue at a point in time when contributions of assets other than cash are received. Goods and services received are recorded at their estimated fair value at the date received.

Generally, all other revenues are recognized at the time received as net assets without donor restrictions.

Remaining performance obligations:

The Organization does not disclose the value of unsatisfied performance obligations for contracts with an original contract term of one (1) year or less, or for variable consideration allocated to the unsatisfied performance obligation of a series of services. The Organization's remaining performance obligations not subject to the practical expedients were not significant at December 31, 2025 and 2024.

Contributed non-financial assets:

Substantial numbers of volunteers donate significant amounts of their time and effort to the Organization's conservation initiatives, programming and administration. Contributions of goods and services are recognized when provided by individuals or organizations whose specialized skills would need to be purchased if not provided by donation or which create or enhance long-lived assets. Such skills include professional services. Contributed goods and services are reflected as contributions at their estimated fair market value at date of receipt if an objective basis exists for recording and assigning value to such donations. The Organization is also in receipt of contributed land and conservation restrictions. See "*Fair value – definition and measurement*".

Income taxes:

The Coalition and its Affiliate are generally exempt from federal income taxes under Section 501(c)(3) and Section 501(a) of the Internal Revenue Code (hereinafter "IRC"), respectively, and have been determined not to be private foundations. The Coalition and its Affiliate are also generally exempt from Massachusetts income tax. Therefore, no provision for income taxes has been made in the accompanying consolidated financial statements. Contributions to the Coalition qualify for a federal charitable contribution deduction within the requirements of the IRC.

The Organization will file not-for-profit tax returns in the U.S. federal jurisdiction and the Commonwealth of Massachusetts where they operate and solicit funds. The Organization is subject to a recognition threshold and measurement attribute for financial statement recording of a tax position taken or expected to be taken in a tax return. At December 31, 2025 and 2024, the Organization believes that it has no significant uncertain tax positions within any of its open tax years.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies – continued:

Fair value – definition and measurement:

The Organization measures its investments in accordance with the Financial Accounting Standards Board (hereinafter “FASB”) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*. As such, fair value is defined as the price that would be received upon the sale of an asset, or paid upon the transfer of a liability, in an orderly transaction between market participants at the measurement date and in the principal, or most advantageous, market for that asset or liability. The fair value is calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the Organization. The fair value of liabilities also includes consideration of non-performance risk, including the Organization’s own credit risk.

ASC Topic 820 establishes a hierarchy prioritizing the inputs used in measuring fair value into three (3) levels based on the extent to which inputs are observable in the market. Each fair value measurement is reported in one (1) of the three (3) levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety. In addition, the Organization reports certain investments using the net asset value per share as determined by investment managers under the so called “practical expedient” method. The practical expedient method allows net asset values per share to represent fair value for reporting purposes when the criteria for using this method are met. When valued using the practical expedient investments are not categorized in the fair value hierarchy.

The three (3) levels of the fair value framework are as follows:

Level I – Pricing inputs are based on quoted prices in active markets for identical instruments as of the reporting date. The type of instruments generally included in Level I include listed equity and debt securities publicly traded on a stock exchange.

Level II – Pricing inputs are based on quoted prices for similar instruments in active markets, which are either directly or indirectly observable as of the reporting date; the fair value is determined through the use of model-based valuation methodologies. Instruments generally included in Level II are less liquid and may include restricted equity securities, over-the-counter derivatives including corporate bonds and loans, as well as public company equity securities with legal restrictions.

Level III – Pricing inputs are generally unobservable for these instruments and include situations where there is little or no market activity for the instrument. The inputs into the determination of fair value require significant management judgment and reflect management’s estimate of assumptions that market participants would use in pricing the asset or liability.

Nonrecurring fair value measurements:

In addition to long-term investments that are recorded at fair value on a recurring basis, the Organization at points in time has assets that are recorded at fair value on a nonrecurring basis as described in the following section. The Organization had no financial liabilities measured on a nonrecurring basis.

Land Held for Resale – Pricing inputs are based upon an appraisal which was performed by an independent third-party professional appraiser and may be adopted when the Organization is satisfied that the appraisal appears reasonable. If not considered reasonable, the Organization will use the full cash value as established by the local tax assessor, cost if the cash value is minimal, or internal estimates based on staff analyses. Accordingly, fair value is classified as Level II on a nonrecurring basis.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies – continued:

Fair value – definition and measurement – continued:

The measurement's level for any qualifying assets and liabilities within this framework is based upon the lowest level of any input that is significant to the fair value measurement. The Organization reports transfers between levels as of the end of the reporting period. The classification of investments in the fair value hierarchy is not necessarily an indication of risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

Risks and uncertainties:

The fair values of the Organization's financial instruments have been determined at a specific point in time based on relevant market information as well as information about the financial instrument. Estimates of fair value are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect estimates.

The Organization may invest in various types of investment securities in accordance with its formal investment policy monitored by its Board of Directors. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

The fair value of accounts, contracts and pledges receivable, and the assumptions used in analyzing a specific receivable might result in an additional allowance for credit losses being recognized in a period in which the change occurs.

Functional allocation of expenses:

Expenditures incurred in connection with project operations and expenditures made for Organization purposes have been summarized on a functional basis in the Consolidated Statements of Activities. The consolidated financial statements report certain categories of expenses that are attributed to more than one (1) program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities, maintenance, depreciation and related expenses, which are allocated on a square footage basis; as well as wages, benefits, payroll taxes, staff travel, contractual services, office expenses, telephone, information technology, staff development, advertising and other expenses, which are allocated on the basis of estimates of time and effort.

Allocation of direct expenses to program services and supporting services:

Direct expenses are allocated as follows:

Employee compensation and related expenses - Employee compensation is allocated based on time and effort; related expenses, such as payroll taxes and fringe benefits, are allocated in the same proportions as employee compensation.

Occupancy - Based on program square footage to total square footage.

Other program/operating expense - Based on specific identification to a program or as a percentage of the total expense using an appropriate base for the expense type.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

1. Organization and summary of significant accounting policies – continued:

Allocation of direct expenses to program services and supporting services - continued:

Depreciation of buildings and equipment - Based on specific identification of an asset to a program or program square footage to total square footage.

Fundraising expense:

Fundraising expense relates to the activities of raising general and specific contributions to the Organization and to promote special events.

Advertising and outreach expenses:

The Organization reports advertising and outreach costs as incurred. Advertising and outreach expenses for the years ended December 31, 2025 and 2024 totaled \$12,205 and \$8,836, respectively.

Operating activities:

Changes in net assets without donor restrictions are classified as either operating activities or non-operating activities. Non-operating activities include investment income (interest and dividend income as well as realized and unrealized gains and losses on investments) reduced by the annual approved investment income draw to support operations; funds released from net assets with donor restrictions to support capital spending; comprehensive capital activities including impairment losses; interest on capital expenditures; depreciation; and the gain/loss on the sale of land, buildings and equipment not integral to the conservation efforts of the Organization. The measure of operating activities includes a percentage of investment income pursuant to the spending policy as determined and approved on an annual basis by the Board of Directors. All other activities that are deemed by the administration to be ongoing, major and central to operations are reported as operating revenues and expenses.

Reclassifications:

Certain reclassifications have been made to the 2024 financial statements to conform to the current period financial statement presentation. These reclassifications have no effect on the previously reported changes in net assets.

Subsequent events:

Subsequent events are transactions or events that occur after the Consolidated Statements of Financial Position date but before the consolidated financial statements are issued or available to be issued. The Organization has evaluated subsequent events through July 30, 2026, which is the date the consolidated financial statements were available to be issued.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

2. Accounts and contracts receivable:

The following schedule summarizes accounts and contracts receivable at December 31:

	<u>2025</u>	<u>2024</u>
Accounts receivable	\$ 236,371	\$ 118,922
Grants receivable	<u>346,722</u>	<u>649,256</u>
	583,093	768,178
Less: Allowance for credit risk	<u>-</u>	<u>-</u>
Accounts and contracts receivable, net	<u>\$ 583,093</u>	<u>\$ 768,178</u>

3. Pledges receivable:

Pledges receivable as of December 31 are presented as net assets with donor restrictions if expected to be collected in more than one (1) year. These unconditional promises to give are to be received by the Organization for years subsequent to December 31. The following schedule summarizes pledges receivable at December 31:

	<u>2025</u>	<u>2024</u>
Within one year	\$ 582,389	\$ 191,378
From one to five years	250,000	200,000
Over ten years	<u>1,000,000</u>	<u>1,000,000</u>
	1,832,389	1,391,378
Less: Discount to net present value	(221,651)	(252,322)
Less: Allowance for uncollectible pledges	<u>(24,972)</u>	<u>(11,741)</u>
Pledges receivable, net	<u>\$ 1,585,766</u>	<u>\$ 1,127,315</u>

The following schedule summarizes pledges receivable as it is presented in the Consolidated Statements of Financial Position at December 31:

	<u>2025</u>	<u>2024</u>
Current portion of pledges receivable	\$ 582,389	\$ 191,378
Pledges receivable, long-term	<u>1,003,377</u>	<u>935,937</u>
Pledges receivable, net	<u>\$ 1,585,766</u>	<u>\$ 1,127,315</u>

Pledges receivable are made primarily by individuals located throughout Southeastern Massachusetts and are reflected at the present value of estimated future cash flows using a risk adjusted rate of between two point one percent (2.1%) and four point nine percent (4.9%). Of the total pledge receivable, \$1,606,389 and \$1,005,000 represents outstanding pledges from members of the Board of Directors of the Organization at December 31, 2025 and 2024, respectively.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

4. Long-term mortgage note receivable:

The Organization provided a long-term mortgage note receivable (hereinafter “Note Receivable”) with the sale of a conservation restricted property in the original amount of \$700,000 dated December 2024. The Note Receivable is for a period of thirty (30) months with fixed interest at six percent (6%) and is secured by a property located in South Dartmouth Massachusetts. The Note Receivable provides for monthly payments of \$5,907 beginning January 2025 including principal and interest and is subject to a balloon payment of the remaining balance totaling \$625,084 in June 2027.

The following schedule summarizes the long-term mortgage note receivable as it is presented in the Consolidated Statements of Financial Position at December 31:

	<u>2025</u>	<u>2024</u>
Current portion of note receivable	\$ 31,523	\$ 29,692
Note receivable, long-term	<u>638,785</u>	<u>670,308</u>
Mortgage note receivable, net	<u>\$ 670,308</u>	<u>\$ 700,000</u>

5. Land, buildings and equipment:

Land, buildings and equipment consisted of the following at December 31:

	<u>2025</u>	<u>2024</u>
Buildings, improvements and land	\$ 16,775,373	\$ 16,063,814
Program equipment	528,561	528,561
Autos and boats	583,338	470,682
Furniture, fixtures and equipment	404,252	404,252
Conservation property improvements	292,836	292,836
Office equipment	227,861	218,991
Construction in progress	<u>701,289</u>	<u>221,445</u>
	19,513,510	18,200,581
Less: Accumulated depreciation	<u>(4,962,818)</u>	<u>(4,433,169)</u>
Net land, buildings and equipment	<u>\$ 14,550,692</u>	<u>\$ 13,767,412</u>

Depreciation expense for the years ended December 31, 2025 and 2024 totaled \$529,649 and \$604,944, respectively.

Construction in progress includes replacement and betterment of existing facilities located on owned properties, watershed protection activities, land conservation and restoration activities that are considered appropriate to capitalize.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

6. Long-term investments:

Long-term investments are reported at fair value and consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Cash and money market funds	\$ 910,580	\$ 353,606
Mutual funds:		
Domestic fixed income (0-5 Years)	895,441	258,090
Domestic fixed income (5-10 years)	3,292,638	1,928,208
Domestic equities	10,138,457	6,907,965
International equities - developed markets	2,544,176	1,301,435
International fixed income (5-10 years)	<u>1,384,859</u>	<u>339,636</u>
Total long-term investments	<u>\$ 19,166,151</u>	<u>\$ 11,088,940</u>

The following schedule summarizes the investment return and its classification in the Consolidated Statements of Activities at December 31, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 166,771	\$ 596,542	\$ 763,313
Net unrealized gains	267,311	956,172	1,223,483
Net realized loss on sales	<u>(967)</u>	<u>(3,460)</u>	<u>(4,427)</u>
Total investment income	<u>\$ 433,115</u>	<u>\$ 1,549,254</u>	<u>\$ 1,982,369</u>

The following schedule summarizes the investment return and its classification in the Consolidated Statements of Activities at December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 161,896	\$ 185,144	\$ 347,040
Net unrealized gains	193,907	258,436	452,343
Net realized gains on sales	<u>183,812</u>	<u>231,717</u>	<u>415,529</u>
Total investment income	<u>\$ 539,615</u>	<u>\$ 675,297</u>	<u>\$ 1,214,912</u>

There are no unfunded commitments associated with long-term investments as of December 31, 2025 and 2024.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

7. Endowments:

The Organization's endowments consist of individual endowment sub-funds for a variety of purposes with donor restrictions as well as board designated endowments. Net assets associated with endowment funds (hereinafter "Endowments") are classified and reported based on the existence or absence of donor-imposed restrictions as well as sub-funds without donor restrictions for operational purposes. All endowment funds without donor-imposed restrictions have been designated by the Board of Directors.

Funds with deficiencies:

From time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. In accordance with U.S. generally accepted accounting principles for not-for-profit organizations, there were no deficiencies required to be reported as decreases in net assets with donor restrictions at December 31, 2025 and 2024.

Spending policy and how the investment objectives relate to spending policy:

The Organization has a policy for each endowment allowing that annually the Board of Directors will appropriate and expend all or part of the income (defined as income from interest, dividends, and other ordinary income, plus net realized gains). If little or no income is produced in a given year, up to five percent (5.0%) of the endowment fund's rolling twelve (12) quarter-end fair value may be spent in accordance with the purpose of the fund, taking into account the recommendations of the Investment Committee, a subcommittee of the Organization's Finance Committee.

Based on its spending policy, a portion of the Organization's cumulative net realized gains and net appreciation is allocated to operations in accordance with the Organization's investment policies and procedures. For the years ended December 31, 2025 and 2024, the Board approved funding for operations of \$433,125 and \$350,356, respectively. Of these amounts, \$301,856 and \$191,505 were investment earnings allowed to be expended from accumulated investment earnings on the endowment fund with donor restrictions for the years ended December 31, 2025 and 2024, respectively, with the balance of the Board approved "draw" from unrestricted endowment investment earnings.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

7. Endowments - continued:

Changes to endowment net assets for the year ended December 31, 2025, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2024	<u>\$ 1,710,877</u>	<u>\$10,463,691</u>	<u>\$12,174,568</u>
Endowment investment return:			
Interest and dividends	130,294	596,542	726,836
Net appreciation (realized and unrealized)	<u>208,086</u>	<u>952,712</u>	<u>1,160,798</u>
Total endowment investment income	<u>338,380</u>	<u>1,549,254</u>	<u>1,887,634</u>
Contributions	2,124,423	2,105,000	4,229,423
Other changes and reclasses	(3,349)	(6,143)	(9,492)
Appropriation of endowment for expenditure	<u>(87,411)</u>	<u>(345,714)</u>	<u>(433,125)</u>
Endowment net assets, December 31, 2025	<u>\$ 4,082,920</u>	<u>\$13,766,088</u>	<u>\$17,849,008</u>

During 2025, the Board of Directors of the Organization voted to restrict \$2,000,000 to the land stewardship endowment.

Changes to endowment net assets for the year ended December 31, 2024, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2023	<u>\$ 1,330,113</u>	<u>\$ 7,995,596</u>	<u>\$ 9,325,709</u>
Endowment investment return:			
Interest and dividends	161,896	185,144	347,040
Net appreciation (realized and unrealized)	<u>377,719</u>	<u>490,153</u>	<u>867,872</u>
Total endowment investment income	<u>539,615</u>	<u>675,297</u>	<u>1,214,912</u>
Contributions	-	1,984,303	1,984,303
Appropriation of endowment for expenditure	<u>(158,851)</u>	<u>(191,505)</u>	<u>(350,356)</u>
Endowment net assets, December 31, 2024	<u>\$ 1,710,877</u>	<u>\$10,463,691</u>	<u>\$12,174,568</u>

Endowment investment return included interest earned on borrowings from the endowment during the year end 2023. The endowment investment return is allocated to operating activities, per the spending policy, in the Consolidated Statements of Activities for the year ended December 31, 2025 and 2024.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

7. **Endowments - continued:**

The Board of Directors approved loans from the quasi-endowment to reduce the acquisition line-of-credit during 2023 in the amount of \$1,200,000 and for \$100,000 to provide supplemental funding for an ongoing conservation project. The quasi-endowment loans are subject to simple fixed interest of four point eight percent (4.8%) and two point five percent (2.5%) compounded monthly and the earned interest accrued to the quasi-endowment fund. At December 31, 2025 and 2024, the quasi-endowment loan balance owing was \$- and \$1,250,000, respectively. There is a \$1,000,000 long-term pledge receivable restricted for the endowment at December 31, 2025 and 2024.

The endowment investment return is allocated between operations and non-operational activities per the Organization's approved spending policy in the Consolidated Statements of Activities for the years ended December 31 as follows:

	<u>2025</u>	<u>2024</u>
Allocated to operations	\$ 433,125	\$ 350,356
Allocated to non-operational activities	<u>1,454,509</u>	<u>864,556</u>
Total endowment investment return	<u>\$ 1,887,634</u>	<u>\$ 1,214,912</u>

8. **Accrued expenses:**

Accrued expenses consisted of the following at December 31:

	<u>2025</u>	<u>2024</u>
Accrued professional and contract expenses	\$ -	\$ 372,012
Accrued restoration expenses	157,484	179,825
Compensated absences	125,539	118,200
Miscellaneous accrued expenses	61,947	32,719
Accrued wages and related taxes	<u>109,769</u>	<u>24,701</u>
Total accrued expenses	<u>\$ 454,739</u>	<u>\$ 727,457</u>

9. **Deferred revenue, contract liabilities and conditional contributions:**

The Organization recognizes deferred grant revenue and refundable advances largely related to conditional contributions. The contributions are conditional upon the Organization spending the grant funds on the specific program purposes as outlined in the grant proposal and agreement. The Organization recognizes contract liabilities on grant funds advanced on exchange contracts. Deferred revenue totaled \$9,964 and \$20,379 at December 31, 2025 and 2024, respectively. Certain conditional commitments include government grants and contracts that require expenditures to be incurred before the awarded revenue may be recognized by the Organization. These conditional commitments are not recognized in the accompanying consolidated financial statements at December 31, 2025 and 2024.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

10. Demand notes payable – lines-of-credit:

The Organization has two (2) demand notes payable with a financial institution with a consolidated maximum line-of-credit availability of \$5,250,000 as follows:

Operating line-of-credit:

The Organization has a demand note payable, for working capital purposes, with a financial institution with a maximum line-of-credit availability of \$250,000. The note is payable upon demand and interest on outstanding advances is due monthly. Interest on the note's outstanding balance is computed at the financial institution's variable corporate base rate plus point two five percent (0.25%) with a floor of five percent (5%) (7.00% and 7.75% at December 31, 2025 and 2024, respectively). The note is collateralized by all business assets of the Organization. The Organization is required to comply with certain administrative and financial covenants annually and the note has an indefinite term. There were no advances made during the years ended December 31, 2025 and 2024, respectively, the outstanding balance at December 31, 2025 and 2024 was \$-.

Conservation properties line-of-credit:

The Organization has a demand note payable with a financial institution for the acquisition, preservation, and restoration of conservation properties with a maximum line-of-credit availability of five million dollars (\$5,000,000). The note is payable upon demand and interest on outstanding advances is due monthly. Interest on the note's outstanding balance is computed at the financial institution's variable Wall Street Journal prime lending rate with a floor of five percent (5%) (6.75% and 7.50% at December 31, 2025 and 2024, respectively). The note is collateralized by first mortgage liens on three (3) properties owned by the Organization. The Organization is required to comply with certain administrative covenants. The note renews on December 1, 2026. The Organization made \$3,287,500 and \$2,830,000 in advances during the years ended December 31, 2025 and 2024, and the outstanding balance was \$2,054,124 and \$1,456,330 at December 31, 2025 and 2024, respectively.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

11. Long-term notes payable:

Long-term notes payable consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Four (4) separate notes payable made with three (3) individuals. Two (2) notes for \$500,000 each, one (1) note for \$250,000 and one (1) note for \$200,000; all dated March 2023. Each note accrues simple fixed interest at a rate of one percent (1%) until paid and are due and payable by June 30, 2025. The notes were paid in full at the date of the consolidated financial statements.	\$ -	\$ 1,475,475
Note payable to the New Bedford Economic Development Commission, original amount of \$150,000, dated December 2019. Non-interest bearing. Balloon payment of \$150,000 due December 2049. The Organization is subject to certain administrative covenants. In the event of default, fixed interest is payable at a compounded rate of three percent (3%). The note is not discounted using the effective interest method as the Organization is expected to remain in compliance with the administrative covenants over the life of the loan and amounts are not considered significant.	<u>150,000</u> 150,000	<u>150,000</u> 1,625,475
Less: current portion of long-term debt	(-)	(1,475,475)
Long-term debt, net of current portion	<u>\$ 150,000</u>	<u>\$ 150,000</u>

The following are maturities of long-term debt for the next five (5) years and in the aggregate:

2026	\$ -
2027	-
2028	-
2029	-
2030	-
Thereafter	<u>150,000</u>
Total long-term debt	<u>\$ 150,000</u>

Interest on the lines-of-credit and long-term note payable, including accrued interest, totaled \$163,964 and \$196,975 for the years ended December 31, 2025 and 2024, respectively.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

10. Demand notes payable – lines-of-credit:

The Organization has two (2) demand notes payable with a financial institution with a consolidated maximum line-of-credit availability of \$5,250,000 as follows:

Operating line-of-credit:

The Organization has a demand note payable, for working capital purposes, with a financial institution with a maximum line-of-credit availability of \$250,000. The note is payable upon demand and interest on outstanding advances is due monthly. Interest on the note's outstanding balance is computed at the financial institution's variable corporate base rate plus point two five percent (0.25%) with a floor of five percent (5%) (7.00% and 7.75% at December 31, 2025 and 2024, respectively). The note is collateralized by all business assets of the Organization. The Organization is required to comply with certain administrative and financial covenants annually and the note has an indefinite term. There were no advances made during the years ended December 31, 2025 and 2024, respectively, the outstanding balance at December 31, 2025 and 2024 was \$-.

Conservation properties line-of-credit:

The Organization has a demand note payable with a financial institution for the acquisition, preservation, and restoration of conservation properties with a maximum line-of-credit availability of five million dollars (\$5,000,000). The note is payable upon demand and interest on outstanding advances is due monthly. Interest on the note's outstanding balance is computed at the financial institution's variable Wall Street Journal prime lending rate with a floor of five percent (5%) (6.75% and 7.50% at December 31, 2025 and 2024, respectively). The note is collateralized by first mortgage liens on three (3) properties owned by the Organization. The Organization is required to comply with certain administrative covenants. The note renews on December 1, 2026. The Organization made \$3,287,500 and \$2,830,000 in advances during the years ended December 31, 2025 and 2024, and the outstanding balance was \$2,054,124 and \$1,456,330 at December 31, 2025 and 2024, respectively.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

11. Long-term notes payable:

Long-term notes payable consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Four (4) separate notes payable made with three (3) individuals. Two (2) notes for \$500,000 each, one (1) note for \$250,000 and one (1) note for \$200,000; all dated March 2023. Each note accrues simple fixed interest at a rate of one percent (1%) until paid and are due and payable by June 30, 2025. The notes were paid in full at the date of the consolidated financial statements.	\$ -	\$ 1,475,475
Note payable to the New Bedford Economic Development Commission, original amount of \$150,000, dated December 2019. Non-interest bearing. Balloon payment of \$150,000 due December 2049. The Organization is subject to certain administrative covenants. In the event of default, fixed interest is payable at a compounded rate of three percent (3%). The note is not discounted using the effective interest method as the Organization is expected to remain in compliance with the administrative covenants over the life of the loan and amounts are not considered significant.	<u>150,000</u> 150,000	<u>150,000</u> 1,625,475
Less: current portion of long-term debt	(-)	(1,475,475)
Long-term debt, net of current portion	<u>\$ 150,000</u>	<u>\$ 150,000</u>

The following are maturities of long-term debt for the next five (5) years and in the aggregate:

2026	\$ -
2027	-
2028	-
2029	-
2030	-
Thereafter	<u>150,000</u>
Total long-term debt	<u>\$ 150,000</u>

Interest on the lines-of-credit and long-term note payable, including accrued interest, totaled \$163,964 and \$196,975 for the years ended December 31, 2025 and 2024, respectively.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

12. Right-of-use lease liabilities – operating lease:

The Organization leases office equipment under a fifty-six (56) month operating lease which expires in August 2028 with a monthly lease rent of \$2,580.

The following summarizes the line items in the Consolidated Statements of Position which include amounts for the operating lease at December 31:

	<u>2025</u>	<u>2024</u>
Right-of-use assets, net of amortization	\$ 83,508	\$ 113,617
Operating lease liabilities, current	31,320	30,109
Operating lease liabilities, long-term	<u>52,188</u>	<u>83,508</u>
Total right-of-use liabilities – operating leases	<u>\$ 83,508</u>	<u>\$ 113,617</u>

Future minimum lease payments under non-cancelable operating leases as of December 31, 2025:

2026	\$ 34,056
2027	34,056
2028	<u>19,866</u>
	87,978
Less: Imputed interest	<u>(4,470)</u>
Total right-of-use liabilities – operating leases	<u>\$ 83,508</u>

The following summarizes the line items in the Consolidated Statements of Activities which include amounts for operating leases at December 31:

	<u>2025</u>	<u>2024</u>
<u>Lease cost:</u>		
Operating lease cost	\$ 30,960	\$ 30,960
<u>Other information:</u>		
Cash paid for amounts included in the measurement of lease liabilities	34,056	32,250
Right-of-use assets obtained in exchange for new operating lease liabilities	-	-
Weighted-average remaining lease term for operating leases	31	43
Weighted-average discount rate for operating leases	3.95%	3.95%

The Organization used its incremental borrowing rate as of the date of lease inception. The inputs used to value the operating lease are not considered to be significant to the consolidated financial statements.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

13. Net assets with donor restrictions:

The Organization has recognized revenue related to grants and contributions that are restricted as to purpose or the expiration of time. In addition, donors have endowed the Organization with funds that are restricted for specific purpose. Following are the more significant of the donor-restricted funds of the Organization:

Watershed protection projects – These funds are available to support conservation property management, land acquisition, habitat restoration and related monitoring activities associated with the Coalition's watershed protection projects.

Bay Science – These funds are available to monitor the health of, protection and restoration of the Buzzards Bay ecosystem and provide routine formal reporting on the progress made.

Land revolving loan fund (hereinafter "Loan Fund") – These funds are available to assist the Organization and other not-for-profit land conservation organizations in the purchase of land or conservation interests in land in the Buzzards Bay watershed to be held permanently as open space. The Loan Fund provides short-term financing including bridge loans, down payments and transactional costs necessary to further the Organization's land conservation in the Buzzards Bay watershed.

Programs and facilities – These funds are available for mission focused programming and the maintenance of the Organization's historic and state-of-the-art green program facility in New Bedford, Massachusetts.

General endowment – These funds are available to support the program operations and administration of the Coalition.

Advocacy – These funds are available to educate the public and to advocate for solutions to improve the health of the Buzzards Bay ecosystem.

Other programs – These funds are available for specifically funded activities directed by the respective donor that are central to the Organization's mission.

Outdoor exploration – These funds are available to educate and engage the public through outdoor exploration programming.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

13. Net assets with donor restrictions - continued:

The following is a detail of the nature of the restrictions on net assets at December 31:

	<u>2025</u>	<u>2024</u>
Endowed subject to expenditures for purpose:		
Restricted for watershed protection	\$ 4,798,896	\$ 2,723,896
Restricted for bay science	3,587,490	3,577,490
Restricted for programs and facilities	1,500,400	1,500,400
General endowment	1,042,422	1,022,422
Accumulated endowment earnings	2,836,880	1,639,483
Restricted for revolving land loan fund	2,021,779	2,021,779
Restricted for capital expenditure	3,466,220	561,817
Restricted for watershed protection	5,063,164	3,465,347
Restricted for bay science	740,231	1,314,979
Restricted for advocacy	758,036	739,573
Restricted for outdoor exploration	601,677	110,200
Restricted for time	-	69,037
Restricted for other programs	<u>106,918</u>	<u>214,786</u>
Total net assets with donor restrictions	<u>\$ 26,524,113</u>	<u>\$ 18,961,209</u>

Releases from donor restrictions, by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor, consisted of the following for the years ended December 31:

	<u>2025</u>	<u>2024</u>
<u>Operational:</u>		
Released for program purposes	\$ 3,590,595	\$ 3,265,021
Release for time	69,037	87,025
Release of accumulated earnings	<u>345,714</u>	<u>191,505</u>
Total releases for operational activities	<u>4,005,346</u>	<u>3,543,551</u>
<u>Non-operational:</u>		
Released for capital expenditures	<u>2,195,597</u>	<u>1,688,183</u>
Total releases for non-operational activities	<u>2,195,597</u>	<u>1,688,183</u>
Total releases from donor restrictions	<u>\$ 6,200,943</u>	<u>\$ 5,231,734</u>

All endowment funds without donor-imposed restrictions have been designated by the Board of Directors and totaled \$4,082,920 and \$1,710,877 at December 31, 2025 and 2024, respectively. The consolidated net assets without restrictions of the Organization at December 31, 2025 and 2024 include \$733,112 and \$521,316, respectively, of the Acushnet River Reserve, Inc.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

13. Net assets with donor restrictions - continued:

A component of the net assets with donor restrictions of the Organization include those with donor restrictions that are perpetual in nature and includes a \$1,000,000 pledge receivable coupled with invested balances in the endowment; namely related to the following at December 31:

	<u>2025</u>	<u>2024</u>
Restricted for bay science	\$ 3,452,490	\$ 3,452,490
Restricted for watershed protection	4,564,593	2,489,593
Restricted for programs and facilities	1,000,400	1,000,400
General endowment	<u>1,042,422</u>	<u>1,022,422</u>
Total net assets with perpetual restrictions	<u>\$ 10,059,905</u>	<u>\$ 7,964,905</u>

14. Operating leases as lessor:

The Organization leases conservation properties that include existing cranberry bogs to cranberry growers for the continued harvesting of cranberries for resale under various long-term lease agreements beginning in July 2025. The lease agreements provide for lease rents based on the annual cranberry harvest through December 2034 with no option to extend.

The Organization also leases two (2) residential properties under annual operating leases with monthly rents of \$1,000 and \$3,000 through May 2026 with no formal option to extend.

In addition, the Organization receives rental income for the short-term rental of various of its properties that are do not provide for rental periods of at least one (1) year and are included in rental income in the Statements of Activities. Rental income for the years ended December 31, 2025 and 2024 totaled \$203,872 and \$235,517, respectively.

15. Challenge grants:

The Organization was awarded a grant from a private foundation in October 2023 of up to \$1,495,000 (hereinafter "Grant I") to support its land conservation efforts. Grant I provided immediate funding of \$495,000 in 2023. Grant I also provides for five hundred thousand dollars (\$500,000) in both 2024 and 2025, contingent upon the Organization's certification of new gift commitments of \$5,000,000 by December 15 in each year.

The Organization was awarded a second grant in April 2024 by the same private foundation of up to \$1,500,000 (hereinafter "Grant II") in further support of its land conservation efforts. Grant II provided immediate funding of \$100,000 in 2024 and the remainder is contingent upon the Organization's certification of the permanent protection of one hundred fifty (150) acres of coastal adaptation areas with new gift commitments of \$4,200,000 including \$1,400,000 in new donor commitments by November 30, 2025. As of the date of the consolidated financial statements, the Organization has met the challenge for both Grant I and II.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

16. Impairment loss on land and sales of properties:

During the year ended December 31, 2025, the Organization purchased properties with a total cost of \$2,133,797 and simultaneously put the land into a conservation restriction. The conservation restriction impairs the value of the land to the restricted fair market value. Included with the purchased land was a parcel with a cost of \$159,253. The value of the land was subsequently appraised at \$26,000 after the sale of a Conservation Restriction to the Town of Fairhaven, Massachusetts, at which time the Organization recognized an impairment loss for the years ended December 31, 2025 and 2024 in the amount of \$1,791,696 and \$133,253, respectively. The other properties were held for re-sale and resulted in a gain and (loss) on sale of \$485,708 and (\$1,331,346) for the years ended December 31, 2025 and 2024, respectively.

17. Fair value measurements:

The asset or liability's fair value measurement 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.

Following is a description of the valuation methodologies used for assets measured at fair value:

Money market and mutual funds – Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The fair value of long-term investments valued on a recurring basis at December 31, 2025 were as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level I)</u>	<u>Significant Other Observable Inputs (Level II)</u>	<u>Significant Unobservable Inputs (Level III)</u>
Money market funds	\$ 910,580	\$ 910,580	\$ -	\$ -
Mutual funds	<u>18,255,571</u>	<u>18,255,571</u>	<u>-</u>	<u>-</u>
Total long-term investments	<u>\$ 19,166,151</u>	<u>\$ 19,166,151</u>	<u>\$ -</u>	<u>\$ -</u>

The fair value of long-term investments valued on a recurring basis at December 31, 2024 were as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level I)</u>	<u>Significant Other Observable Inputs (Level II)</u>	<u>Significant Unobservable Inputs (Level III)</u>
Money market funds	\$ 353,606	\$ 353,606	\$ -	\$ -
Mutual funds	<u>10,735,334</u>	<u>10,735,334</u>	<u>-</u>	<u>-</u>
Total long-term investments	<u>\$ 11,088,940</u>	<u>\$ 11,088,940</u>	<u>\$ -</u>	<u>\$ -</u>

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

17. Fair value measurements - continued:

In addition, the Organization at points in time holds assets that are recorded at fair value on a nonrecurring basis, namely land held for resale and for conservation. The fair value of this land is based upon an independent third-party appraisal where the fair value is determined using the lesser of the sales comparison approach and the income capitalization approach and, accordingly, are Level II assets. The total Level II assets whose fair value was determined on a nonrecurring basis at December 31, 2025 and 2024 was \$22,755,438 and \$18,215,970, respectively.

There were no significant transfers into or out of levels of the fair value hierarchy during the years ended December 31, 2025 and 2024. There were no changes in valuation techniques for the years ended December 31, 2025 and 2024. At December 31, 2025 and 2024, there were no outstanding commitments to the aforementioned mutual funds.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Financial instruments such as those above involve, to varying degrees, elements of market and credit risk in excess of amounts recorded in the Consolidated Statements of Financial Position. For the Organization, market risk represents the potential loss due to the decrease in the value of financial instruments; and credit risk represents the maximum potential loss due to the possible nonperformance of contract terms by obligors and counter parties.

18. Disaggregation of revenue from contracts:

The following table disaggregates the Organization's revenue based on the timing of satisfaction of performance obligations for the years ended December 31:

<u>Satisfied over time:</u>	<u>2025</u>	<u>2024</u>
Program revenue	\$ 145,934	\$ 107,167
Other earned income	<u>303,960</u>	<u>-</u>
Total revenue from contracts satisfied over time	<u>\$ 449,894</u>	<u>\$ 107,167</u>

19. Tax-deferred savings plan:

The Organization offers a safe harbor profit-sharing plan (hereinafter "Plan") which qualifies as a voluntary contribution savings plan under Internal Revenue Code Section 401(k). Employees may provide tax-deferred contributions to fully vested individual retirement accounts up to the Internal Revenue Code limit. The Organization provides a discretionary match of one hundred percent (100%) of the Plan participant's contribution up to six percent (6%) of employee compensation. The Plan covers substantially all employees meeting age and length-of-service eligibility requirements. The Organization's match is vested over a period of four (4) years. The Organization's contribution to the Plan for the years ended December 31, 2025 and 2024 totaled \$151,517 and \$134,450, respectively.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

20. Related party transactions:

The Organization received support from ninety-five percent (95%) and ninety percent (90%) of its members of the Board of Directors who contributed a total of \$2,039,564 and \$564,464 in support for the years ended December 31, 2025 and 2024, respectively. Pledges receivable balances from four (4) and two (2) members of the Board of Directors of the Organization totaled \$1,606,389 and \$1,005,000 at December 31, 2025 and 2024, respectively.

The President of the Organization donated a conservation restriction on a property owned in South Dartmouth, Massachusetts during the year ended December 31, 2024. The Organization jointly holds a conservation restriction with the Rochester Land Trust, a Massachusetts not-for-profit organization, on the Red Barn Farm in Rochester Massachusetts, which is owned by a member of the Board of Director's Leadership Council and is also a Board member of the Rochester Land Trust.

A current Board member of the Organization is also a staff member of two (2) organizations that are contracted with for laboratory services. The total expenditures to these laboratory services totaled \$247,315 and \$151,252 for the years ended December 31, 2025 and 2024, respectively. This Board member is also the Principal Investigator in a National Science Foundation four (4) year grant totaling \$301,248 in which the Organization is a sub-awardee.

The Vice President of Operations of the Organization was party to a market rate monthly rental agreement for a residential home at the Wainer Farm in Dartmouth, Massachusetts. The agreement provided for monthly rents of \$3,400 through March 2024 when he moved to a residential home at the Douglass Farm in Fairhaven, Massachusetts, as a tenant-at-will under a separate agreement, with a market rate monthly rent of \$3,000 through March 15, 2025. The rental income associated with his tenancy for the years ended December 31, 2025 and 2024 totaled \$7,500 and \$37,200, respectively.

The Vice President for Advancement of the Organization is party to a market rate monthly rental agreement for a residential home at the Sawmill in New Bedford, Massachusetts. The agreement provided for transitional housing as part of a relocation in his offer of employment and monthly rent of \$1,000 beginning in 2026.

A Board member provided a short-term (14 days) no interest "bridge" loan of \$2,500,000 during June 2025 to facilitate the Slocum Gibbs Cranberry property conservation. The note was repaid on June 20, 2025.

21. Liquidity:

The Organization is substantially supported by grants, contributions and its engaged community's support for its conservation and preservation activities. In addition, the Organization has significant conditional government grants and contracts that allow for the recognition of revenue as approved program expenditures are incurred. Further, the Board of Directors is able to approve a regular draw from the endowment earnings to help support its liquidity requirements if needed. With the exception of the limited seasonality to its operations, the diversity of revenue streams tends to provide for relatively consistent cash flows throughout the year. This reasonably aligns with the Organization's expectation that its financial assets, which consist largely of cash and cash equivalents, investments and receivables, will be available to meet its general expenditures, liabilities and other obligations as they come due. Because of the consistency of its cash flows throughout the year, the Organization considers it prudent to maintain at least sixty (60) days of cash availability.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

21. Liquidity - continued:

As part of the Organization's management plan to ensure adequate liquidity to provide for routine operations, the Organization maintains a quasi-endowment. In addition, the Organization maintains two lines-of-credit with a maximum availability as follows:

- a two hundred fifty thousand dollar (\$250,000) working capital line-of-credit
- a five million dollar (\$5,000,000) conservation properties acquisition line-of-credit

This significant available credit provides agility for conservation property acquisitions and support to manage unanticipated liquidity needs. In recent years, these credit resources have been largely unutilized except for land acquisition purposes as management has successfully managed cash requirements to align with actual cash flows.

22. Availability of financial assets:

The Organization's liquid resources available to meet operational requirements, that is without donor or other restrictions limiting their use, within one (1) year of the Consolidated Statements of Financial Position as of December 31 comprised the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents available for use	\$ 4,963,406	\$ 4,062,765
Certain quasi-endowments and investments	2,299,199	-
Accounts receivable, collectible within one year	583,093	768,178
Pledges receivable, unrestricted	176,500	49,950
Estimated endowment draw for operations	550,000	192,000
Less: Donor restricted for specific activities	<u>(6,227,693)</u>	<u>(3,543,000)</u>
Financial assets available to meet cash needs	<u>\$ 2,344,505</u>	<u>\$ 1,529,893</u>

Historically, the Organization collects its monthly invoicing for its government grants and contracts, programs and rental activities within thirty (30) days to support its working capital needs.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

23. Contributed non-financial assets:

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs; principally conservation easements, programs, fundraising and administrative. The Organization estimates that it received \$306,614 and \$370,657 in donated goods and services, as summarized in the following table, which meet the criteria for recording in the financial statements for the years ended December 31, 2025 and 2024, respectively. Accordingly, these amounts are included in revenue and expense in the Consolidated Statements of Activities:

<u>Description</u>	<u>2025</u>	<u>2024</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Process and inputs</u>
Goods and services	\$ 161,600	\$ 314,220	Program operations	No associated donor restrictions	Valued at the estimated fair value of conservation easement received.
Professional services	100,408	-	Program operations	No associated donor restrictions	Valued at the estimated fair value of the legal services contributed to support conservation programming
Goods and services	19,006	5,483	Program operations	No associated donor restrictions	Valued at the estimated fair value of the goods and services contributed to support conservation programming.
Professional services	-	45,189	Administrative support	No associated donor restrictions	Valued at the actual fair value of professional services provided.
Non-professional services	-	4,000	Fundraising support	No associated donor restrictions	Valued at the estimated fair value of volunteer time as provided by the donor.
Goods and services	<u>25,600</u>	<u>1,765</u>	Fundraising support	No associated donor restrictions	Valued at the estimated fair value of the goods contributed or the fundraising auction value received.
Total	<u>\$ 306,614</u>	<u>\$ 370,657</u>			

The Organization estimates it received an additional \$278,000 and \$250,000 of donated volunteer support for the years ended December 31, 2025 and 2024, respectively, that do not meet the criteria for recording and are, therefore, excluded from the accompanying consolidated financial statements.

24. Concentration of economic and credit risk:

The Organization maintains its cash and cash equivalents at various financial institutions in accounts which, at times, may exceed federally insured limits. Certain of these financial institutions are also insured by the Massachusetts Depositors Insurance Fund (DIF) that insures all deposits above the federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents. At December 31, 2025 and 2024, the Organization had no deposits in excess of insured limits.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

24. Concentration of economic and credit risk - continued:

Approximately eighty-two percent (82%) and seventy-two percent (72%) of the total pledges receivable are owing from two (2) and one (1) donor at December 31, 2025 and 2024, respectively. Approximately sixteen percent (16%) and eleven percent (11%) of total revenue and support is from two (2) donors and two (2) grantors, respectively, at December 31, 2025. Approximately twenty-four percent (24%) and twelve percent (12%) of total revenue and support is from one (1) donor and one (1) grantor, respectively, at December 31, 2024.

25. Commitments and contingencies:

The Organization's acceptance of easements and permanently restricted public conservation areas impose a perpetual obligation to monitor and steward the properties. The projected future costs of these commitments are not quantified and accrued in the consolidated financial statement presentation of the Organization. The Organization is actively soliciting support for its endowment to provide for regular cash flows from investment earnings with the goal to fund these commitments permanently for the future.

The Organization receives a portion of its funding from government agencies. These contracts are subject to contractual provisions governing the conservation programs, most of which are subject to interpretation. These contracts provide the oversight agencies the right to audit the Organization and could result in the recapture of revenue previously reported by the Organization. Any disallowed claims resulting from such audits could become a liability of the Organization. The ultimate determination of amounts received under these programs is generally based on allowable costs reported to and auditable by the funding agencies. Until such audits have been completed, if any, and a final settlement is reached, there exists a contingency to refund all amounts received in excess of allowable costs. In the opinion of management, the results of such audits, if any, would not have a material effect on the Organization's consolidated financial position or results of operations at December 31, 2025 and 2024.

As such, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies including, but not limited to, the following:

- U.S. Department of Agriculture
- U.S. Department of Commerce
- U.S. Environmental Protection Agency
- U.S. Department of Interior
- National Science Foundation
- Massachusetts Department of Agricultural Resources
- Massachusetts Department of Conservation and Recreation
- Massachusetts Department of Environmental Protection

These administrative directives, rules and regulations are subject to change by act of the United States Congress, act of the United States Executive Branch, act of the state or local legislature or an administrative change mandated by the United States federal agencies or Commonwealth of Massachusetts agencies noted above. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with the change. Additionally, contractual funding may decrease or be withdrawn during contract periods with little notice.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

26. Conditional support:

In October 2025 a private foundation awarded a grant of \$2,000,000 to support the acquisition and permanent conservation of 200 acres contingent upon certification of \$5,500,000 in additional donor commitments on or before October 15, 2027. In October 2025 another private foundation awarded a grant of \$1,000,000 to support the Organization's land fund contingent upon certification of \$2,000,000 in additional donor commitments on or before October 15, 2028. As of the date of the consolidated financial statements, the Coalition has not met the additional donor matching commitments as required by these two grants.

***INFORMATION REQUIRED BY
GOVERNMENT AUDITING STANDARDS***



***Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards***

To the Board of Directors
Buzzards Bay Coalition and Affiliate
New Bedford, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the consolidated financial statements of the Buzzards Bay Coalition, Inc. and the Acushnet River Reserve, Inc. (hereinafter "Affiliate") (Massachusetts not-for-profit corporations) (hereinafter collectively "Organization"), which comprise the Consolidated Statement of Financial Position as of December 31, 2025 and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 30, 2026.

Report on internal control over financial reporting:

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (hereinafter "internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

Report on compliance and other matters:

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this report:

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Buzzards Bay Coalition and Affiliate's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Allan Smith and Company CPAs PC". The signature is written in a cursive, flowing style.

Allan Smith and Company, CPAs PC
Stoughton, Massachusetts
July 30, 2026

INFORMATION REQUIRED BY OMB



***Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance***

To the Board of Directors
Buzzards Bay Coalition and Affiliate
New Bedford, Massachusetts

Report on compliance for each major federal program:

Opinion on each major federal program:

We have audited the Buzzards Bay Coalition, Inc. and the Acushnet River Reserve, Inc.'s (hereinafter "Affiliate") (Massachusetts not-for-profit corporations) (hereinafter collectively "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2025. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Buzzards Bay Coalition and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for opinion on each major federal program:

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (hereinafter "*Uniform Guidance*"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of management for compliance:

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' responsibilities for the audit of compliance:

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on internal control over compliance:

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Board of Directors
Buzzards Bay Coalition and Affiliate
Page three

Report on internal control over compliance - continued:

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Allan Smith and Company CPAs PC". The signature is written in a cursive, flowing style.

Allan Smith and Company, CPAs PC
Stoughton, Massachusetts
July 30, 2026

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Schedule of Findings and Questioned Costs

Section 1 – Summary of auditors’ results:

Financial Statements:

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Is a “going concern” emphasis-of-matter paragraph included in the auditors’ report

_____yes

____√____no

Internal control over financial reporting:

◆ Material weakness(es) identified and disclosed?

_____yes

____√____no

◆ Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____yes

____√____no

◆ Noncompliance material to financial statements disclosed?

_____yes

____√____no

Federal Awards:

Type of auditors’ report issued on compliance for major programs: **Unmodified**

Internal control over compliance:

◆ Material weakness(es) identified and disclosed?

_____yes

____√____no

◆ Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____yes

____√____no

◆ Known questioned costs reported?

_____yes

____√____no

◆ Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____yes

____√____no

Federal Programs Tested as Major Programs:

CFDA NUMBERS

NAME OF FEDERAL PROGRAM

10.902

Soil and Water Conservation Program

11.463

Habitat Conservation Program

15.614

Coastal Wetlands Planning, Protection, Restoration and Implementation Program

Dollar threshold used to distinguish between Type A and Type B programs: \$1,000,000

Auditee qualified as low-risk auditee?

_____yes

____√____no

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Schedule of Findings and Questioned Costs - Continued

Section II – Consolidated financial statements findings:

No findings were identified that are required to be reported for the year ended December 31, 2025.

Section III - Federal awards findings and questioned costs:

No findings were identified that are required to be reported in accordance with Title 2, Part 200 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* for the year ended December 31, 2025.

Section IV - Status of prior year findings:

No findings were identified that are required to be reported for the year ended December 31, 2024.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:			
Direct program:			
Agricultural Conservation Easement Program	10.931	N/A	\$ 697,500
Pass-Through National Fish and Wildlife Foundation:			
Soil and Water Conservation Program	10.902	NA19NIOS4730148	<u>1,273,976</u>
Total U.S. Department of Agriculture			<u>1,971,476</u>
U.S. DEPARTMENT OF COMMERCE:			
Pass-Through Massachusetts Audubon Society:			
NOAA Mission-Related Educational Awards	11.008	NA23NMF0080370	59,502
Habitat Conservation Program	11.463	S4391252-BBC-01	7,203
Pass-Through National Oceanic and Atmospheric Administration:			
Habitat Conservation Program	11.463	NA24NMF463C0040	2,352,703
Pass-Through National Fish and Wildlife Foundation:			
Office for Coastal Management	11.473	NA23NOS4730219	257,539
Pass-Through Commonwealth of Mass Executive Office of Energy and Environmental Affairs:			
Coastal Zone Management Administration	11.419	NA24NOSX473C0093	<u>96,208</u>
Total U.S. Department of Commerce			<u>2,773,155</u>
U.S. DEPARTMENT OF THE INTERIOR:			
Pass-Through Commonwealth of Mass Department of Conservation and Recreation:			
Coastal Wetlands Planning, Protection and Restoration	15.614	LGX373-01	2,000,000
Pass-Through U.S. Fish and Wildlife Service:			
Natural Resource Damage Assessment, Restoration and Implementation Program	15.658	F21AC01276	<u>13,572</u>
Total U.S. Department of the Interior			<u>2,013,572</u>

See independent auditors' report on the Schedule of Expenditures of Federal Awards on pages 1 - 3 and notes to Schedule of Expenditures of Federal Awards.

BUZZARDS BAY COALITION, INC. AND AFFILIATE***Schedule of Expenditures of Federal Awards - Continued******Year Ended December 31, 2025***

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
NATIONAL SCIENCE FOUNDATION:			
Pass-Through Woodwell Climate Research Center: Biological Sciences Program	47.074	AGX624-01	<u>61,957</u>
Total National Science Foundation			<u>61,957</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY:			
Pass-Through Restore America's Estuaries: Geographic Programs – Southeast New England Coastal Watershed Restoration Program	66.129	00A00708	\$ 480,111
Water Quality Management Planning	66.454	CE00A01614-0	44,327
National Estuary Program	66.456	00A00370	19,508
Pass-Through National Oceanic and Atmospheric Administration: Clean Water State Revolving Fund	66.458	4092400000000002043	<u>92,365</u>
Total U.S. Environmental Protection Agency			<u>636,311</u>
Total expenditures of federal awards			<u>\$ 7,456,471</u>

See independent auditors' report on the Schedule of Expenditures of Federal Awards on pages 1 - 3
and notes to Schedule of Expenditures of Federal Awards.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Schedule of Expenditures of Federal Awards

1. **Scope of audit:**

The Buzzards Bay Coalition and Affiliate (hereinafter collectively “Organization”) is a non-profit organization established under the laws of the Commonwealth of Massachusetts. All operations related to the Organization’s federal award programs are included in the scope of the audit in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (hereinafter “Uniform Guidance”). The U.S. Department of Agriculture has been designated as the Organization’s oversight agency for the Single Audit.

Compliance testing of all applicable types of compliance requirements as described in the Compliance Supplement was performed. The monetary threshold used to distinguish between Type A and Type B programs was \$1,000,000. Specifically, compliance testing and tests of controls were performed for the following Type A award programs which were tested as major federal awards.

<u>Description</u>	<u>Federal Expenditures</u>
Soil and Water Conservation Program	\$ 1,273,976
Habitat Conservation Program	2,359,906
Coastal Wetlands Planning, Protection, Restoration and Implementation Program	<u>2,000,000</u>
Total tested	<u>\$ 5,633,882</u>

2. **Period audited:**

Single Audit testing procedures were performed for the Organization’s major federal award transactions during the year ended December 31, 2025.

3. **Basis of presentation:**

The accompanying Schedule of Expenditures of Federal Awards (hereinafter “Schedule”) includes the federal grant activity of the Organization and is presented on the accrual basis. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets nor cash flows of the Organization.

4. **Indirect cost rate:**

The Organization elected not to use the option of the fifteen percent (15%) de minimis indirect cost rate.

SUPPLEMENTAL FINANCIAL INFORMATION - UNAUDITED



| **Allan Smith & Company, CPAs PC**

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Independent Auditors' Report on the Supplemental Financial Information

To the Board of Directors
Buzzards Bay Coalition and Affiliate
New Bedford, Massachusetts

We have audited the consolidated financial statements of Buzzards Bay Coalition and Affiliate as of and for the year ended December 31, 2025 and our report thereon dated July 30, 2026, which expresses an unmodified opinion on those consolidated financial statements, appears on pages 1 through 3. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental financial information included on pages 53 to 55, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Allan Smith & Company CPAs PC

Allan Smith and Company, CPAs PC
Stoughton, Massachusetts
July 30, 2026

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Schedule of Conservation Restriction Properties

Year Ended December 31, 2025

<u>Property Name</u>	<u>Community</u>	<u>Acreage</u>	<u>Date Acquired</u>
Strawberry Point	Mattapoissett	26.00	December 10, 2025
Merrylegs Farm	Dartmouth	10.10	September 23, 2025
Kenney-Lenk	Mattapoissett	11.30	September 18, 2025
Widemarsh Farm	Fairhaven	19.40	August 14, 2025
Viveiros Widemarsh	Fairhaven	15.20	August 13, 2025
Cornell-Paskamansett Woods	Dartmouth	195.30	May 30, 2025
Little Harbor Country Club	Wareham	57.50	May 15, 2025
Jordan Farm	Dartmouth	32.70	December 20, 2024
Wainer Farm	Dartmouth	10.30	December 18, 2024
Rasmussen	Dartmouth	2.90	December 4, 2024
Tavares Farm	Dartmouth	148.40	October 31, 2024
Ciccotelli	Westport	26.20	September 10, 2024
Birch - Indian Neck	Wareham	11.80	June 28, 2024
Little Marion Golf Course	Marion	56.90	May 31, 2024
Graber	Dartmouth	19.70	December 22, 2023
Dwyer	Fairhaven	3.30	December 15, 2023
Hawes Long Plain Forest	Rochester/Matt/Acushnet	62.80	September 27, 2023
Red Brick Farm East	Mattapoissett/Rochester	102.40	September 26, 2023
Brandt Island Cove District West	Mattapoissett	16.00	June 30, 2023
Alves	Mattapoissett	4.00	December 29, 2022
R&W Garfield	Gosnold	3.30	December 28, 2022
West End	Gosnold	165.00	October 26, 2022
West End MESA	Gosnold	45.50	October 26, 2022
Doggett Brook Farm	Rochester	37.00	May 11, 2022
Doggett Brook Farm Buffer	Rochester	20.50	May 11, 2022
Desmarais	Fall River	15.70	December 15, 2020
Costa-Mello	Fall River	37.50	December 15, 2020
Apponagansett Bay Farm	Dartmouth	22.00	September 23, 2020
Church's Beach	Gosnold	2.00	July 10, 2020
Lyons Brook Forest Buffer	Westport	5.00	July 1, 2020
Coffin Family Trust 2	Westport	24.00	June 30, 2020
Eva's Garden	Dartmouth	10.00	May 20, 2020
Apponagansett Farm	Dartmouth	26.00	February 6, 2020
Brandt Island Cove District North	Mattapoissett	39.30	January 13, 2020
Sommaripa Forest	Dartmouth	11.00	December 26, 2019
Wilson	Falmouth	7.00	December 18, 2019
Dike Creek Reserve	Dartmouth	76.50	November 18, 2019
Pine Island Pond	Mattapoissett	120.00	October 3, 2019
Coffin Family Trust 1	Westport	29.00	June 27, 2019
E&J Powel	Dartmouth	29.00	January 15, 2019
Ocean View Farm North	Dartmouth	55.00	August 10, 2017
Ocean View Farm South	Dartmouth	59.00	August 10, 2017
Roy Hawkes	Rochester/Mattapoissett	164.00	June 30, 2017
Decas Winship Avenue	Wareham	4.40	August 18, 2016
Decas Lydia's Island Road	Wareham	1.20	August 18, 2016
Tinkhamtown Woodlands	Mattapoissett	115.00	June 30, 2016
Weweantic Ridge	Wareham	22.00	October 28, 2015
Weeden Road	Fairhaven	32.00	December 11, 2014
Shaw Farm	Fairhaven/Mattapoissett	126.00	December 11, 2014
Nasketucket Fields	Fairhaven	29.00	June 27, 2014
Quahog Hill	Fairhaven	13.50	June 26, 2014
Shearer	Falmouth	7.00	June 24, 2014
Wankinquoah Rod & Gun Club	Middleborough	287.00	November 20, 2013
North Woods	Mattapoissett	35.00	September 27, 2013
Quissett Harbor 1	Falmouth	3.60	September 26, 2013
Quissett Harbor 2	Falmouth	4.90	September 26, 2013
Sanford South	Middleborough	30.00	June 28, 2013
Peter's Creek Reserve	Dartmouth	29.00	April 22, 2013
Westgate	Wareham	48.50	February 26, 2013
Subtotal		2623.60	

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Schedule of Conservation Restriction Properties - Continued

Year Ended December 31, 2025

<u>Property Name</u>	<u>Community</u>	<u>Acreage</u>	<u>Date Aquired</u>
	Subtotal from page 52	<u>2,623.60</u>	
Lloyd Woods	Dartmouth	26.50	November 19, 2012
Old Aucoot	Mattapoisett	315.70	March 2, 2012
Old Haskell Farm	Rochester	14.50	December 22, 2011
Dufficy-Lawrence	Rochester	7.50	December 22, 2011
Rentumis	Rochester	54.20	December 9, 2011
Tripps Mill Brook 2	Mattapoisett	42.70	March 11, 2011
Fitzgerald/New Boston Road	Fairhaven	67.20	July 16, 2010
Viveiros Dairy (Lot 3)	Fairhaven	36.50	February 26, 2010
MacPhail	Rochester	12.50	December 23, 2009
Gurney	Rochester/Mattapoisett	17.50	December 23, 2009
Flume Pond	Falmouth	28.00	December 18, 2008
Shipyard Farm	Fairhaven	53.00	February 22, 2008
Gaumont	Rochester	7.00	December 24, 2007
Red Barn Farm	Rochester	72.40	December 24, 2007
N&J Garfield	Dartmouth	18.00	December 3, 2007
Mahoney/McIntire	Marion	238.00	April 2, 2007
Viveiros Dairy (Lot 2)	Fairhaven	11.00	June 6, 2006
Nulands Neck	Fairhaven	101.00	December 28, 2005
Sperry	Rochester	15.80	December 28, 2005
Field Farm	Mattapoisett	64.00	November 24, 2004
Marsh Island North	Fairhaven	<u>14.20</u>	September 29, 2003
	Total acreage	<u>3840.80</u>	

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Schedule of Conservation Fee Ownership Properties

Year Ended December 31, 2025

<u>Property Name</u>	<u>Community</u>	<u>Acreage</u>	<u>Acquired</u>	<u>Value</u>
Makepeace-Agawam & Stave Mill	Plymouth/Wareham	656.00	December 12, 2025	\$ 900,000
Cornell Field	Dartmouth	15.10	October 30, 2025	1,604,433
Zora	Marion	27.10	October 10, 2025	236,112
Gracia	Westport	8.40	September 3, 2025	45,751
Gayoski	Rochester	80.20	June 27, 2025	34,810
Trott	Fairhaven	10.90	June 27, 2025	92,244
Sclocum-Gibbs Conservation Land	Rochester/Middleboro/Carver/Wareham	1604.10	June 13, 2025	3,563,105
Connet Woods	Rochester	401.00	May 1, 2025	27,098
Mendell Bog - Tweedy and Barnes	Marion	67.00	April 16, 2025	343,289
Robichaud	Acushnet	17.10	December 27, 2024	94,198
Paul	Rochester	27.30	May 3, 2024	133,000
Morris	Rochester	6.30	April 1, 2024	38,570
Douglass Farm	Fairhaven	22.20	December 21, 2023	798,245
Carvalho Woods	Fairhaven	5.90	December 14, 2023	26,162
Red Brick Farm South & West	Mattapoisett/Acushnet	143.40	July 18, 2023	938,756
Keleher	Falmouth	0.20	July 17, 2023	604,779
Hawes Tripps Mill Brook - Hawes Tripps Mill	Acushnet	57.80	June 26, 2023	222,182
Decas Mayflower	Carver	28.00	December 21, 2022	102,837
Cambra	Dartmouth	1.50	December 15, 2022	815,581
Pettey (Snell Creek)	Westport	29.60	December 2, 2022	286,646
Burgess Ave Lots	Rochester	4.00	June 30, 2022	300,420
O'Donoghue	Mattapoisett	0.70	June 27, 2022	(1)
Carricorp II (Parcel 2)	Westport	25.60	June 24, 2022	223,200
Salt Winds	Fairhaven	5.80	February 11, 2022	51,235
Hawes 100	Acushnet	100.00	January 14, 2022	161,908
Stuart Bogs	Rochester	236.20	December 17, 2021	124,808
Lincoln Street	Fairhaven	0.80	November 24, 2021	(1)
Griffith Forest	Carver	32.00	July 29, 2021	248,618
Carricorp II (Parcel 1)	Westport	55.50	December 29, 2020	79,531
Old Middleboro Road	Rochester	259.00	October 22, 2020	153,374
Cuttyhunk Island Reserve	Gosnold	64.00	July 10, 2020	1,280,607
Henderson	Westport	50.00	July 1, 2020	64,404
Steidle	Rochester	11.80	April 6, 2020	26,849
Riverside Auto	Acushnet	0.70	September 18, 2019	182,047
Langevin	Acushnet	3.00	July 3, 2019	(1)
Wheeler Forest	Falmouth	30.00	August 14, 2018	3,624,796
Machado East & West	Acushnet/Fairhaven	43.50	August 10, 2018	401,532
GFRLC Lands	Fall River	78.00	July 24, 2018	821,800
Shattuck	Westport	4.20	June 22, 2018	12,000
Broad Marsh	Wareham	45.30	May 23, 2018	22,098
Tucker	Fairhaven	3.50	May 10, 2018	3,500
Habitat for Humanity	Rochester	1.50	August 21, 2017	(1)
Carricorp	Westport	32.50	July 20, 2017	18,388
Carvalho Farm	Fairhaven	61.50	June 14, 2017	275,000
Sylvia	Acushnet	1.00	May 25, 2017	1,000
Keating Woods	Acushnet	21.50	March 17, 2017	25,295
Staples	Wareham	0.70	March 15, 2017	52,647
Jaros	Acushnet	9.00	December 20, 2016	158,395
Wood	Westport	8.90	November 9, 2016	167,150
Burgess Point	Wareham	15.50	August 18, 2016	230,000
Kelly Property	Falmouth	3.00	June 30, 2016	(1)
Wickets Island	Wareham	4.60	June 30, 2016	159,969
Tinkham North	Mattapoisett	7.90	June 27, 2016	(1)
Tinkham South	Mattapoisett	11.40	June 27, 2016	(1)
Conant Hill	Wareham	24.00	October 28, 2015	(1)
Marks Cove Bog	Wareham	16.20	February 12, 2015	25,223
LaPalme	Acushnet	47.00	July 31, 2012	155,000
Walega-Coelho Heirs	Acushnet	3.80	June 26, 2012	27,960
Horseshoe Mill	Wareham	10.00	June 20, 2012	90,000
Town Line	Mattapoisett	63.00	February 29, 2012	22,899
Decas Bogs	Mattapoisett	125.00	December 22, 2011	59,858
Carreiro	Fairhaven	10.70	August 24, 2011	45,077
Riverside Marsh	Acushnet	4.90	December 30, 2010	(1)
New Boston Road	Acushnet	0.30	May 28, 2010	(1)
Tripps Mill Brook	Mattapoisett	24.30	May 28, 2010	179,869
Marsh Island South	Fairhaven	7.50	December 11, 2009	44,535
Acushnet Sawmill	Acushnet/New Bedford	19.02	March 12, 2007	687,400
Properties in transition	Various communities		Various	1,639,250
Total		4797.42		\$ 22,755,438

(1) The property is owned by the Organization with no significant monetary consideration provided in exchange for the conservation deed to the property.