

MAINE STATE LEGISLATURE

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Financial Report

June 30, 2025 and 2024

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Nonprofit Accounting & Consulting Specialists

Independent Auditors' Report

Board of Directors
Maine Children's Trust, Inc.
Augusta, Maine

Opinion

We have audited the accompanying financial statements of Maine Children's Trust, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maine Children's Trust, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Maine Children's Trust, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Maine Children's Trust, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Maine Children's Trust, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Maine Children's Trust, Inc.'s ability to continue as a going concern for a reasonable period of time.
- Issue the required communications 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.

As stated in the opinion section of this report, the financial statements of Maine Children's Trust, Inc. present fairly, in all material respects, the financial position of Maine Children's Trust, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2026, on our consideration of Maine Children's Trust, Inc.'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 Maine Children's Trust, Inc.'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 Maine Children's Trust, Inc.'s internal control over financial reporting and compliance.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PGM, LLC
Biddeford, Maine
February 5, 2026

Statements of Financial Position

June 30,

ASSETS	2025	2024
Current Assets		
Cash and cash equivalents	\$ 640,996	\$ 704,926
Grants receivable	1,332,462	1,329,785
Prepaid expenses	4,563	4,620
Total Current Assets	1,978,021	2,039,331
Property and Equipment		
Leasehold improvements	27,000	27,000
Office equipment	41,978	41,978
Computer equipment	107,309	107,309
	176,287	176,287
Less accumulated depreciation	(165,487)	(163,689)
Property and Equipment, net	10,800	12,598
Other Assets		
Investments	2,033,195	1,787,979
Long-term receivables	417,813	365,654
Other assets	30,000	30,000
Operating lease right of use asset	224,561	66,824
Total Other Assets	2,705,569	2,250,457
Total Assets	\$ 4,694,390	\$ 4,302,386

Statements of Financial Position, Continued

June 30,

	<u>2025</u>	<u>2024</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,066,885	\$ 1,031,406
Accrued payroll and vacation	82,199	73,460
Deferred revenue		104,427
Operating lease liability- current	72,106	66,824
Total Current Liabilities	<u>1,221,190</u>	<u>1,276,117</u>
Other Liabilities		
Long-term operating lease liability	152,455	
Total Other Liabilities	<u>152,455</u>	
Total Liabilities	<u>1,373,645</u>	<u>1,276,117</u>
Net Assets		
Without donor restrictions	3,116,961	2,826,227
With donor restrictions	203,784	200,042
Total Net Assets	<u>3,320,745</u>	<u>3,026,269</u>
Total Liabilities and Net Assets	<u>\$ 4,694,390</u>	<u>\$ 4,302,386</u>

Statement of Activities

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Federal and state grants	\$ 13,942,226		\$ 13,942,226
Contributions - Income Tax Check-Off	33,681	\$ 3,742	37,423
Contributions - corporate/individual	16,034		16,034
Grant income	68,416		68,416
Special event income	2,500		2,500
Interest income	22,506		22,506
Investment return	241,899		241,899
Total Support and Revenue	<u>14,327,262</u>	<u>3,742</u>	<u>14,331,004</u>
Expenses			
Program expenses			
Child abuse prevention	1,908,303		1,908,303
Home visiting	10,931,379		10,931,379
Public awareness	911,398		911,398
Total program expenses	<u>13,751,080</u>		<u>13,751,080</u>
Supporting services			
Management and general	285,448		285,448
Total Expenses	<u>14,036,528</u>		<u>14,036,528</u>
Change in Net Assets	<u>290,734</u>	<u>3,742</u>	<u>294,476</u>
Net Assets, Beginning of Year	<u>2,826,227</u>	<u>200,042</u>	<u>3,026,269</u>
Net Assets, End of Year	<u>\$ 3,116,961</u>	<u>\$ 203,784</u>	<u>\$ 3,320,745</u>

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Federal and state grants	\$ 12,727,445		\$ 12,727,445
Contributions - Income Tax Check-Off	29,846	\$ 3,316	33,162
Contributions - corporate/individual	3,052		3,052
Grant income	1,751		1,751
Special event income	6,000		6,000
Interest income	18,609		18,609
Investment return	200,199		200,199
Total Support and Revenue	<u>12,986,902</u>	<u>3,316</u>	<u>12,990,218</u>
Expenses			
Program expenses			
Child abuse prevention	1,817,935		1,817,935
Home visiting	10,373,915		10,373,915
Public awareness	357,755		357,755
Total program expenses	<u>12,549,605</u>		<u>12,549,605</u>
Supporting services			
Management and general	178,584		178,584
Total Expenses	<u>12,728,189</u>		<u>12,728,189</u>
Change in Net Assets	<u>258,713</u>	<u>3,316</u>	<u>262,029</u>
Net Assets, Beginning of Year	<u>2,567,514</u>	<u>196,726</u>	<u>2,764,240</u>
Net Assets, End of Year	<u>\$ 2,826,227</u>	<u>\$ 200,042</u>	<u>\$ 3,026,269</u>

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Expenses				Management and General Expenses	Total Expenses
	Child Abuse Prevention	Home Visiting	Public Awareness	Total		
Personnel Expenses						
Salaries and wages	\$ 204,460	\$ 394,571	\$ 69,898	\$ 668,929	\$ 222,745	\$ 891,674
Payroll taxes	17,489	30,866	5,518	53,873	17,485	71,358
Employee benefits	29,733	85,738	12,458	127,929	24,398	152,327
	<u>251,682</u>	<u>511,175</u>	<u>87,874</u>	<u>850,731</u>	<u>264,628</u>	<u>1,115,359</u>
Expenses						
Consultants	12,677	86,237	28,796	127,710		127,710
Conferences and trainings	12,395	101,199		113,594		113,594
Depreciation	342	1,278		1,620	180	1,800
Supplies, equipment and program materials	3,112	103,323	289	106,724		106,724
Grant and subrecipient expenses:						
Child abuse prevention network	1,577,536			1,577,536		1,577,536
MCT grants to agencies			603,708	603,708		603,708
Home visiting subrecipient expenses		9,940,984		9,940,984		9,940,984
Legal and accounting fees	3,703	13,845		17,548	1,952	19,500
Professional development			35,446	35,446		35,446
Rent	13,026	48,675		61,701	6,855	68,556
Office expense	2,459	9,029	9,479	20,967	609	21,576
Dues and registration fees	1,181	52,869	6,516	60,566	976	61,542
Prevention initiatives			61,428	61,428		61,428
Promotions/public awareness			60,886	60,886		60,886
Insurance	2,202	16,194		18,396	2,044	20,440
Telephone	1,822	5,900	427	8,149	905	9,054
Travel	3,490	14,234	6,867	24,591	2,732	27,323
Printing and publications	1,443	4,594	583	6,620	736	7,356
E-mail/website	21,082	21,110	9,099	51,291		51,291
Bank and payroll service charges	151	733		884	3,831	4,715
Total Expenses	<u>\$ 1,908,303</u>	<u>\$ 10,931,379</u>	<u>\$ 911,398</u>	<u>\$ 13,751,080</u>	<u>\$ 285,448</u>	<u>\$ 14,036,528</u>

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

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Expenses				Management and General Expenses	Total Expenses
	Child Abuse Prevention	Home Visiting	Public Awareness	Total		
Personnel Expenses						
Salaries and wages	\$ 162,491	\$ 342,232	\$ 73,499	\$ 578,222	\$ 132,251	\$ 710,473
Payroll taxes	13,167	26,662	4,353	44,182	10,200	54,382
Employee benefits	16,690	67,305	7,091	91,086	14,197	105,283
	<u>192,348</u>	<u>436,199</u>	<u>84,943</u>	<u>713,490</u>	<u>156,648</u>	<u>870,138</u>
Expenses						
Consultants		92,263	6,740	99,003		99,003
Conferences and trainings	22,099	66,717		88,816		88,816
Depreciation	342	1,278		1,620	180	1,800
Supplies, equipment and program materials	19,298	36,230		55,528		55,528
Grant and subrecipient expenses:						
Child abuse prevention network	1,529,966			1,529,966		1,529,966
MCT grants to agencies			153,000	153,000		153,000
Home visiting subrecipient expenses		9,548,275		9,548,275		9,548,275
Legal and accounting fees	3,705	13,845		17,550	1,950	19,500
Professional development			3,874	3,874		3,874
Rent	13,026	48,675		61,701	6,855	68,556
Office expense	2,881	8,950	23,600	35,431	1,860	37,291
Dues and registration fees	1,074	53,576	10,533	65,183	1,658	66,841
Prevention initiatives			29,509	29,509		29,509
Promotions/public awareness			40,381	40,381	500	40,881
Insurance	2,155	14,370		16,525	1,836	18,361
Telephone	1,433	4,536	312	6,281	698	6,979
Travel	225	12,431	727	13,383	1,486	14,869
Printing and publications	1,387	4,169	711	6,267	4,462	10,729
E-mail/website	27,162	29,760	3,425	60,347	28	60,375
Bank and payroll service charges	834	2,641		3,475	423	3,898
Total Expenses	<u>\$ 1,817,935</u>	<u>\$ 10,373,915</u>	<u>\$ 357,755</u>	<u>\$ 12,549,605</u>	<u>\$ 178,584</u>	<u>\$ 12,728,189</u>

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

Statements of Cash Flows

Years Ended June 30,

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 294,476	\$ 262,029
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,800	1,800
Net realized and unrealized loss on investments	(128,924)	(121,698)
(Increase) decrease in operating assets:		
Grants receivable	(2,677)	726,955
Prepaid expenses	55	10,334
Increase (decrease) in operating liabilities:		
Accounts payable	35,479	(850,111)
Accrued payroll and vacation	8,739	3,219
Deferred revenue	(104,427)	97,267
Net cash flows from operating activities	104,521	129,795
Cash flows used in investing activities:		
Increase in long-term receivables	(52,159)	(42,897)
Purchase of investments	(116,292)	(82,684)
Net cash flows used in investing activities	(168,451)	(125,581)
Net change in cash and cash equivalents	(63,930)	4,214
Cash and cash equivalents at beginning of year	704,926	700,712
Cash and cash equivalents at end of year	\$ 640,996	\$ 704,926

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Maine Children's Trust, Inc., a charitable corporation (the Trust), was established to provide a mechanism for voluntary contributions by individuals and groups for annual and long-term funding throughout Maine of child abuse and neglect prevention programs. The Trust provides training and advocates for increased services for Maine families as well as works to increase public awareness around the issue of child abuse and neglect prevention. The Trust holds the charter for Prevent Child Abuse Maine and provides management and administration of the Maine Families program including management of the Local Implementing Agencies who deliver the direct client services of the program at the local level. These services are primarily funded by contracts with the State of Maine.

Basis of Presentation

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

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

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

Cash Equivalents

The Trust considers investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are maintained in interest-bearing accounts. Cash and cash equivalents designated for long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows.

Grant and Contract Revenue Recognition

Grant and contract revenues are recognized as earned or attributable to the period in which specific terms of the funding agreement are satisfied and to the extent that expenses have been incurred for the purposes specified by the funding source.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Receivables

All grants and accounts receivable are stated at the amount management expect to collect from balances outstanding at year-end. Balances outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a credit to the applicable accounts receivable. Management does not believe an allowance for uncollectible accounts receivable was necessary at June 30, 2025 and 2024.

Long-term receivables are recorded when the Income Tax Check-off contributions are made for the previous year. The 10% portion is deposited in the endowment account as required by Maine Law and the remaining portion is recorded as an unrestricted long-term receivable. The receivable is reduced when the funds are drawn down.

Land, Property and Equipment

Land, property and equipment is stated at cost at the date of acquisition or fair value at date of donation in the case of gifts. Minor repairs are expensed in the year incurred. Major additions over \$5,000, with useful lives greater than one year, are capitalized and depreciated using the straight-line method over estimated useful lives, which range from four to thirty-one years.

Investments

Investments in equity securities with readily determinable fair values are measured at their fair value in the statements of financial position. Realized and unrealized gains and losses are included in the statements of activities. Donated securities are recorded at their fair market value at the date of donation.

Investments are exposed to various risks, such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investment and Spending Policy

The Trust has adopted investment and spending policies for endowment assets such as to provide greater financial resources for the prevention of child abuse and neglect in Maine. Such investments shall not entail items which are deemed contrary to the well-being of children and families or would bring undue criticism to the Trust. The Trust will not invest in companies whose primary revenues are derived from tobacco and alcohol. The Trust will pursue a 3-tiered investment strategy with varying risks. The fiduciary agent is required to seek approval from the Finance Committee or Executive Director regarding significant departures from 3-tiered percentage allocations.

The Trust's spending policy states that 5% per annum of the Trust's board designated endowment income may be expended on operations and/or programming as long as a given year's investment income equals or exceeds 5% of the corresponding year's endowment. The Trust has not expended board designated endowment fund income for the years ended June 30, 2025 and 2024.

Functional Allocation of Expenses

The Trust allocates expenses on a functional basis among its programs and supporting services. Supporting services are those related to operating and managing the Trust and its programs on a day-to-day basis and are composed of the following:

General and administrative – includes all activities related to the Trust's internal management and accounting for program services.

Fundraising – includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for the Trust's programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. Expenses that are attributed to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, and payroll taxes, which are allocated on the basis of actual time and effort.

Income Taxes

The Trust is qualified as an organization exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code; therefore, no provision for income taxes has been made. The Trust does not believe it has done anything during the past year that would jeopardize its tax-exempt status at either the state or federal level. The Trust reports its activities to the IRS in an annual information return. These filings are subject to review by the tax authorities generally for the years ended June 30, 2022 through June 30, 2025.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures: that is without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 640,996	\$ 704,926
Grants receivable	1,332,462	1,329,785
Long term receivable	417,813	365,654
Investments	1,829,411	1,587,937
	<u>\$ 4,220,682</u>	<u>\$ 3,988,302</u>

NOTE 3 – RECEIVABLES

Long-term receivable represent the income tax check off contributions of \$417,813 and \$365,654 at June 30, 2025 and 2024, respectively, not yet received by the Trust.

Grants receivable represents various grants which have been earned by the Trust, but not yet received as of year-end.

Grants receivables consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Maine Families Program	\$ 1,078,867	\$ 1,020,253
Child Abuse Network	225,947	113,318
Child Abuse Prevention - Federal	27,648	196,214
Total	<u>\$ 1,332,462</u>	<u>\$ 1,329,785</u>

NOTE 4 – DEFERRED REVENUE

Deferred revenue consists primarily of revenue received from grants and agreements with federal and state departments, which was not spent as of the end of the year but required to remain in the program as outlined in the agreements. These amounts are normally utilized within the next fiscal year and therefore classified as a current liability. Deferred revenue as of June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
ARPA		\$ 3,409
PAT		9,620
CBS		91,398
	<u>\$ -</u>	<u>\$ 104,427</u>

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 4 – DEFERRED REVENUE - CONTINUED

Deferred revenue consisted of the following at June 30,

	2025	2024
Deferred revenue, beginning of year	\$ 104,427	\$ 7,160
Revenue recognized from prior year	(104,427)	(7,160)
Increase due to grant received not expended		104,427
Deferred revenue, end of year	\$ -	\$ 104,427

NOTE 5 – CONCENTRATIONS

The Trust is supported primarily through government grants and fees. Approximately 97% and 98% of the Trust's support came from grants, contracts and fees from federal and state governments for the years ended June 30, 2025 and 2024, respectively.

The Trust maintains cash balances at several financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Trust's cash balances periodically exceed the insured limit. The Trust has not experienced any losses in these accounts and believes that they are not exposed to any significant risk on cash and cash equivalents.

NOTE 6 – INVESTMENTS

Fair value is defined as the price at which an asset could be exchanged, or a liability transferred (an exit price) in an orderly transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset or liability. When available, fair value is based on observable market prices or parameters or derived from such prices or parameters. When observable inputs are not available, valuation models are applied.

Financial assets recorded at fair value in the accompanying financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels and related amounts of subjectivity associated with the inputs to fair valuation of these assets and liabilities are, as follows:

Level 1 – Inputs are quoted prices in active markets for identical assets at the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Inputs are other than quoted prices included in Level 1, which are either directly or indirectly observable for the asset or liability through correlation with market data at the reporting date, and for the duration of the instrument's anticipated life.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and which reflect management's best estimate of what market participants would use in pricing the asset or liability at the reporting date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Transfers between levels are recognized as of the actual date of the event or change in circumstance that caused the transfer. During the period ended June 30, 2025, there were no transfers between levels.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 6 – INVESTMENTS – CONTINUED

Investments were comprised of the following as of June 30:

	2025		
	Cost	Market Value	Unrealized Gain
Cash	\$ 29,608	\$ 29,955	\$ 347
Equity	770,951	1,133,559	362,607
Fixed income	691,680	626,251	(65,429)
Mixed Assets	180,934	243,430	62,496
	<u>\$ 1,673,173</u>	<u>\$ 2,033,195</u>	<u>\$ 360,022</u>

	2024		
	Cost	Market Value	Unrealized Gain
Cash	\$ 19,130	\$ 19,130	
Equity	698,742	968,775	\$ 270,033
Fixed income	670,652	594,550	(76,102)
Mixed Assets	168,704	205,524	36,820
	<u>\$ 1,557,228</u>	<u>\$ 1,787,979</u>	<u>\$ 230,751</u>

Fair value of assets measured on a recurring bases at June 30, 2025 are, as follows:

	Fair Value Measurements			
	Reporting Date Using			
	Level 1	Level 2	Level 3	Total
Cash and Mutual Funds	\$ 29,955			\$ 29,955
Equity	1,133,559			1,133,559
Fixed Income	626,251			626,251
Mixed Assets	243,430			243,430
Sirois Assoc. Common Stock			\$ 30,000	30,000
	<u>\$ 2,033,195</u>		<u>\$ 30,000</u>	<u>\$ 2,063,195</u>

Fair value of assets measured on a recurring bases at June 30, 2024 are, as follows:

	Fair Value Measurements			
	Reporting Date Using			
	Level 1	Level 2	Level 3	Total
Cash and Mutual Funds	\$ 19,132			\$ 19,132
Equity	968,775			968,775
Fixed Income	594,550			594,550
Mixed Assets	205,522			205,522
Sirois Assoc. Common Stock			\$ 30,000	30,000
	<u>\$ 1,787,979</u>		<u>\$ 30,000</u>	<u>\$ 1,817,979</u>

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 7 – DONOR DESIGNATED ENDOWMENT

The Trust's endowment was established pursuant to the State of Maine Statutes, Chapter 1058 subsection 3885. A minimum of 10% of tax checkoff revenue received each year from individuals must be set aside for allocation to the segregated endowment fund. Up to 90% of the checkoff revenue and other income received by the endowment fund may be expended annually by the Trust in accordance with this chapter.

The Trust classifies as net assets with donor restrictions (a) the original value of funds received from the State checkoff revenue and (b) subsequent additions to the funds. Income and net appreciation (depreciation) is reported as net assets without donor restrictions.

Changes in endowment net assets for the year ended 2025 are as follows:

	Without Donor Restrictions	Donor Endowment	Total
Beginning of year	\$ 1,587,937	\$ 200,042	\$ 1,787,979
Investment return:			
Investment income	112,550		112,550
Net gain on investments	128,924		128,924
10% of Tax Check Off Revenue		3,742	3,742
End of year	<u>\$ 1,829,411</u>	<u>\$ 203,784</u>	<u>\$ 2,033,195</u>

Changes in endowment net assets for the year ended 2024 are as follows:

	Without Donor Restrictions	Donor Endowment	Total
Beginning of year	\$ 1,386,871	\$ 196,726	\$ 1,583,597
Investment return:			
Investment income	79,368		79,368
Net gain on investments	121,698		121,698
10% of Tax Check Off Revenue		3,316	3,316
End of year	<u>\$ 1,587,937</u>	<u>\$ 200,042</u>	<u>\$ 1,787,979</u>

NOTE 8 – LEASES

The Trust leases office space in Augusta under a three year lease, which began July 2025 and expires June 2028, with monthly payments of \$6,600. The asset is recorded on the Statement of Financial Position as Operating lease right of use assets for \$224,561 and \$66,824 as of June 30, 2025 and 2024, respectively. Operating lease expense for the years ended June 30, 2025 and 2024 was \$68,556.

The Trust also has an operating lease for a photocopier, which began June 2022 and expires May 2027, with monthly payments of \$475. Lease expense was \$5,692 and \$5,093 for the years ended June 30, 2025 and 2024, respectively. In addition, The Trust has an operating lease for phones, which began in December 2024 and expires November 2027. Lease expense was \$924 for the year ended June 30, 2025.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 8 – LEASES – CONTINUED

The Trust leases certain facilities at various terms under long-term non-cancelable operating agreements. The leases expire at various dates through 2025 and provide for renewal options ranging from one year to five years. The Trust includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Trust has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Trust has applied the risk-free rate option to the right of use assets. The rate used was between 4-5%.

The Trust has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Estimated future minimum payments under these leases are, as follows:

Years ending June 30,		
	2026	\$ 79,200
	2027	79,200
	2028	79,200
Total lease payments		<u>237,600</u>
Less interest		<u>(13,039)</u>
Present value of lease liabilities		<u>\$ 224,561</u>

CAM, taxes, and base utility charge are included in rent expense. Only the base rent is included on this schedule.

NOTE 9–PENSION PLAN

The Trust adopted a retirement program which consists of a Simplified Employee Pension (SEP) account established for permanent full-time employees over 21 years of age with one year of service. The Trust contributes a percentage of each employee's gross salary into the account. Contributions to the pension plan for the years ended June 30, 2025 and 2024 were \$48,488 and \$32,800, respectively.

NOTE 10 – CONTINGENT LIABILITIES

The Trust participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by grantors and their representatives. The audits of these programs for the year ended June 30, 2025 have not been completed. Accordingly, the Trust's compliance with applicable grant requirements will be established at some future time. The amount, if any, of expenditures which may be disallowed by such grantor agencies cannot be determined at this time although management expects such amounts, if any, to be minimal.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 11 – GRANTS

The Trust receives various multi-year grants from federal, state and private sources. The following summarizes the remaining portions of multi-year grants that have not been earned or received by the Trust as of June 30:

	2025	2024
Community Based Child Abuse Prevention	\$ 750,154	\$ 281,618
Home Visiting	17,066,304	8,431,408
Child Abuse Prevention		3,826,156
Preschool Development	52,084	
	<u>\$ 17,816,458</u>	<u>\$ 12,539,182</u>

NOTE 12 – RELATED PARTY TRANSACTIONS

The Trust contracts with many organizations, with similar missions, which participate as sub-recipients in the Trust's programs. The sub-recipient organizations also have a member of Management who serves on the Trust's Board of Directors. The Trust has no ownership or voting interests in the sub-recipient organizations. The following is a summary of funding provided to the sub-recipient organizations for the fiscal years ended June 30:

	2025	2024
Aroostook Council for Healthy Families	\$ 886,393	\$ 774,570
Franklin County Children's Task	722,486	688,429
Penquis Child Abuse Prevention Network	1,590,058	1,445,994
Sunrise Opportunities	265,000	235,750
	<u>\$ 3,463,938</u>	<u>\$ 3,144,743</u>

The Trust contracted with a board member and a sub-recipient agency associated with a board member for consulting and/or training. They were paid \$39,589 and \$46,829 for the years ended June 30, 2025 and 2024, respectively.

The following is a summary of amounts payable to related parties for the year ended June 30:

	2025	2024
Aroostook Council for Healthy Families	\$ 74,270	\$ 74,306
Active Parenting Publishers		14,688
Franklin County Children's Task	86,186	61,140
Penquis Child Abuse Prevention Network	138,181	108,865
Sunrise Opportunities	15,583	
	<u>\$ 314,220</u>	<u>\$ 258,999</u>

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including February 5, 2026, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.