

**HUDSON RIVER SLOOP CLEARWATER, INC.**

**FINANCIAL STATEMENTS**

**NOVEMBER 30, 2024**

HUDSON RIVER SLOOP CLEARWATER, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Hudson River Sloop Clearwater, Inc.  
Beacon, New York

### Opinion

We have audited the accompanying financial statements of Hudson River Sloop Clearwater, Inc. (a nonprofit organization), which comprise the statement of financial position as of November 30, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hudson River Sloop Clearwater, Inc. as of November 30, 2024, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Emphasis of Matter

As discussed in Note 9 to the financial statements, the Organization has a loss and minimal cash reserves and has relied upon loans from board members to provide necessary funding to operate. Management's plans to alleviate its ability to continue as a going concern are discussed in Note 9. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 Hudson River Sloop Clearwater, 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 Hudson River Sloop Clearwater, Inc.'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.

## **Report on Summarized Comparative Information**

We have previously audited Hudson River Sloop Clearwater, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended November 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*EFPR Group, CPAs, PLLC*

EFPR Group, CPAs, PLLC  
Rochester, New York  
September 29, 2025

**HUDSON RIVER SLOOP CLEARWATER, INC.**  
**Statements of Financial Position**  
**November 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 22,797	\$ 16,818
Employee retention credits receivable	135,649	170,434
Merchandise inventory	-	12,413
Prepaid rent	1,000	-
Total current assets	159,446	199,665
<b>Property and Equipment - Net</b>	1,153,541	1,305,493
<b>Right-of-Use Asset - Operating Lease</b>	33,540	48,743
<b>Other Assets</b>		
Deposits	8,800	-
<b>Total Assets</b>	\$ 1,355,327	\$ 1,553,901
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 37,660	\$ 57,584
Current portion of long-term debt	45,739	48,157
Current portion of due to related party	60,000	95,000
Accrued expenses	70,109	78,869
Current installments of operating lease liability	15,793	15,202
Total current liabilities	229,301	294,812
<b>Long-Term Liabilities</b>		
Long-term debt, net of current portion	251,929	297,668
Due to related party, net of current portion	4,683	11,630
Operating lease liability, net of current installments	17,747	33,541
Total long-term liabilities	274,359	342,839
<b>Total Liabilities</b>	503,660	637,651
<b>Net Assets</b>		
Net assets without donor restriction	845,381	916,250
Net assets with donor restriction	6,286	-
Total net assets	851,667	916,250
<b>Total Liabilities and Net Assets</b>	\$ 1,355,327	\$ 1,553,901

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

**HUDSON RIVER SLOOP CLEARWATER, INC.**  
**Statements of Activities**  
**For the Years Ended November 30, 2024 and 2023**  
**(With Comparative Totals for the Year Ended November 31, 2023)**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2024</u>	<u>Total 2023</u>
<b>Support and Revenues</b>				
Individual donations	\$ 1,029,925	\$ -	\$ 1,029,925	\$ 640,149
Corporate, foundation, and government support	87,977	6,286	94,263	97,449
Education and sailing program	153,721	-	153,721	150,737
Community program	108,007	-	108,007	152,358
Special events, net of related expenses of	135,813	-	135,813	99,223
Other income	374	-	374	-
<b>Total Support and Revenues</b>	<u>1,515,817</u>	<u>6,286</u>	<u>1,522,103</u>	<u>1,139,916</u>
<b>Expenses</b>				
Program Services				
Environmental action	71,967	-	71,967	129,488
Community outreach	13,502	-	13,502	18,716
Education and sloop	865,711	-	865,711	777,106
Total program services	<u>951,180</u>	<u>-</u>	<u>951,180</u>	<u>925,310</u>
Supporting Services				
Management and general	439,287	-	439,287	439,870
Fundraising expenses	196,219	-	196,219	207,955
Total support services	<u>635,506</u>	<u>-</u>	<u>635,506</u>	<u>647,825</u>
<b>Total Expenses</b>	1,586,686	-	1,586,686	1,573,135
<b>Change in Net Assets</b>	(70,869)	6,286	(64,583)	(433,219)
<b>Net Assets - Beginning</b>	<u>916,250</u>	<u>-</u>	<u>916,250</u>	<u>1,349,469</u>
<b>Net Assets - Ending</b>	<u>\$ 845,381</u>	<u>\$ 6,286</u>	<u>\$ 851,667</u>	<u>\$ 916,250</u>

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

**HUDSON RIVER SLOOP CLEARWATER, INC.**  
**Statements of Cash Flows**  
**For the Years Ended November 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (64,583)	\$ (433,219)
Adjustments		
Depreciation	151,952	158,846
Donated securities	(14,258)	(11,508)
Forgiveness of note payable to related party	(35,000)	(4,270)
In kind contribution in lieu of repayment to related party	(5,100)	
Changes in assets and liabilities		
Employee retention credits receivables	34,785	199,707
Prepaid rent	(1,000)	-
Merchandise inventory	12,413	-
Deposits	(8,800)	-
Accounts payable	(19,924)	13,477
Accrued expenses	(8,760)	21,398
Net cash flows from operating activities	<u>41,725</u>	<u>(55,569)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of donated securities	<u>14,258</u>	<u>11,508</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of long-term debt	(48,157)	(46,040)
Proceeds from related party	2,200	111,500
Repayments to related party	(4,047)	(25,700)
Net cash flows from financing activities	<u>(50,004)</u>	<u>39,760</u>
<b>Net Change in Cash and Cash Equivalents</b>	5,979	(4,301)
<b>Cash and Cash Equivalents - Beginning</b>	<u>16,818</u>	<u>21,119</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 22,797</u>	<u>\$ 16,818</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid for interest	<u>\$ (18,971)</u>	<u>\$ (20,882)</u>
Donated securities	<u>\$ 14,258</u>	<u>\$ 11,508</u>
<b>Cash Paid for Amounts Included in Measurement of Lease Liabilities</b>		
Operating lease principal payments	<u>\$ 15,203</u>	<u>\$ 14,633</u>

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

**HUDSON RIVER SLOOP CLEARWATER, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended November 30, 2024**  
**(With Comparative Totals for 2023)**

	<u>Program Expenses</u>					<u>Total Expenses</u>	
	<u>Environmental Action</u>	<u>Community Outreach</u>	<u>Education and Sloop</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2024 Total</u>	<u>2023 Total</u>
Advertising	\$ 73	\$ 20	\$ 113	\$ 1,388	\$ 553	\$ 2,147	\$ 1,191
Credit card fees and bank charges	7	-	2,553	9,030	1,368	12,958	3,439
Depreciation	-	-	151,952	-	-	151,952	158,846
Dues and memberships	50	-	2,200	2,502	392	5,144	4,450
Employee benefits	10,144	-	49,762	71,034	10,063	141,003	132,235
Food	-	282	25,547	49	-	25,878	25,732
Insurance	-	-	54,044	22,030	-	76,074	74,278
Interest expense	-	-	403	18,568	-	18,971	17,315
Merchandise inventory	-	-	-	-	13,192	13,192	2,620
Miscellaneous	68	3,716	1,590	(3,656)	-	1,718	1,747
Operating supplies	611	1,034	7,385	502	76	9,608	11,888
Other operating costs	-	1,360	1,547	9,238	9,765	21,910	24,035
Payroll fees	-	-	-	3,517	-	3,517	2,417
Postage	-	-	13	406	2,783	3,202	6,979
Printing	-	-	-	880	12,114	12,994	12,596
Professional services	-	-	-	37,335	-	37,335	41,200
Program consultants	-	2,900	13,575	21,750	240	38,465	64,779
Registration and fees	-	-	2,028	400	100	2,528	2,994
Rent	-	4,140	13,969	17,100	-	35,209	38,551
Salaries	60,100	-	437,552	217,913	145,573	861,138	862,808
Sloop maintenance	-	-	91,501	48	-	91,549	57,085
Telephone	-	-	896	3,160	-	4,056	4,310
Travel and conferences	914	50	5,074	164	-	6,202	11,130
Utilities	-	-	4,007	5,929	-	9,936	10,510
<b>Total expenses</b>	<b>\$ 71,967</b>	<b>\$ 13,502</b>	<b>\$ 865,711</b>	<b>\$ 439,287</b>	<b>\$ 196,219</b>	<b>\$ 1,586,686</b>	<b>\$ 1,573,135</b>

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

**HUDSON RIVER SLOOP CLEARWATER, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended November 30, 2023**

	<u>Program Expenses</u>					<u>Total Expenses</u>
	<u>Environmental Action</u>	<u>Community Outreach</u>	<u>Education and Sloop</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2023</u>
Advertising	\$ -	\$ -	\$ 526	\$ 665	\$ -	\$ 1,191
Credit card fees and bank charges	-	-	86	2,496	857	3,439
Depreciation	-	-	158,846	-	-	158,846
Dues and memberships	-	-	1,141	2,681	628	4,450
Employee benefits	3,327	-	50,722	65,073	13,113	132,235
Food	257	88	24,736	651	-	25,732
Insurance	-	-	49,768	24,510	-	74,278
Interest expense	-	-	-	17,315	-	17,315
Merchandise inventory	-	-	-	-	2,620	2,620
Miscellaneous	-	-	505	1,144	98	1,747
Operating supplies	-	35	9,187	256	2,410	11,888
Other operating costs	155	135	2,654	11,444	9,647	24,035
Payroll fees	-	-	-	2,417	-	2,417
Postage	-	93	20	377	6,489	6,979
Printing	124	-	-	-	12,472	12,596
Professional services	-	-	-	41,200	-	41,200
Program consultants	5,500	10,775	10,184	36,548	1,772	64,779
Registration and fees	-	-	2,169	550	275	2,994
Rent	-	7,590	14,161	16,800	-	38,551
Salaries	62,074	-	435,560	208,142	157,032	862,808
Sloop maintenance	56,912	-	-	173	-	57,085
Telephone	946	-	-	3,364	-	4,310
Travel and conferences	193	-	10,372	23	542	11,130
Utilities	-	-	6,469	4,041	-	10,510
<b>Total expenses</b>	<b>\$ 129,488</b>	<b>\$ 18,716</b>	<b>\$ 777,106</b>	<b>\$ 439,870</b>	<b>\$ 207,955</b>	<b>\$ 1,573,135</b>

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

## HUDSON RIVER SLOOP CLEARWATER, INC.

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies and Scope of Business

**Scope of Business** - Hudson River Sloop Clearwater, Inc. (the "Organization") is a nonprofit, member supported, environmental education and advocacy organization dedicated to the restoration and protection of the Hudson River and similar waterways. The Organization owns and operates a tall ship named "Clearwater", listed on both the national and New York's register of historic places, launched in 1969 as a floating classroom serving the Hudson River Estuary and New York Harbor. The Organization's educational efforts also include land-based field trips and classroom presentations, teacher workshops, and production of curriculum resource materials. The Organization's environmental action staff conduct grassroots advocacy programs to further its goal of cleaning and preserving the Hudson River. The Organization also continues a tradition of integrating music into its programs and through cultural events throughout the Hudson Valley.

**Method of Accounting** - The Organization maintains its books and prepares its financial statements on the accrual basis of accounting.

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

**Basis of Presentation** - The Organization's financial statements are presented in accordance with the provisions of ASU 2016-14, Not-for-Profit Entities (Topic 958) Presentation of Financial Statement of Not-for-Profit Entities. As a result, the Organization reports information regarding its net assets and changes therein in the following categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for general support of the Organization's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization or are required to be held in perpetuity. At November 30, 2024 and 2023, the Organization had \$6,286 and \$- net assets with donor restrictions respectively.

**Liquidity** - The Organization has \$158,446 of financial assets available within one year of the statement of financial position date consisting of \$22,797 of cash and equivalents, and \$135,649 of receivables. \$6,286 of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

**Contributions** - In accordance with FASB ASC 958-605, contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. However, donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restriction.

**HUDSON RIVER SLOOP CLEARWATER, INC.**  
**Notes to Financial Statements**

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**Grants** - The Organization conducts its activities under grants received from various state, local, and private sources. Grants receivable are stated at the amount management expects to collect from outstanding balances. Revenue is recognized when the grant conditions are fulfilled, such as when program expenses for the grant are incurred. Management provides for the probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of November 30, 2024 and 2023 management has determined that an allowance is not necessary.

**Functional Expenses** - The cost of providing the Organization's various programs, supporting services and fundraising has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited by specific identification or management's estimates.

**Cash and Cash Equivalents** - For the purposes of the statements of financial position and statements of cash flows, cash and cash equivalents include deposits and certificates of deposit with original maturities of three months or less. The Organization maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits. At November 30, 2024 and 2023, the Organization had \$11,640 and \$3,409 in excess of the federally insured limits resulting from money market funds and its PayPal account, respectively.

**Fair Value of Financial Instruments** - The carrying amounts of the Organization's short-term financial instruments, including cash equivalents, receivables and payables arising in the ordinary course of business, approximate fair value due to the relatively short period of time between their origination and expected realization.

**Property and Equipment** - Property and equipment are recorded at cost, less accumulated depreciation. Routine maintenance and repair costs are charged to operations as they are incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in operations. Depreciation is computed by use of the straight-line method over the estimated useful lives of the assets of three to thirty years. It is the Organization's policy to capitalize all assets with a cost of \$5,000 or greater.

Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

**Revenue Recognition** - The Organization has adopted ASU 2014-09, Revenue from Contracts with Customers, which provides guidance for revenue recognition. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for these goods or services. The Organization has analyzed the provisions of ASU 2014-09 and has concluded that no changes are necessary to conform with the new standard. The Organization utilizes a five-step framework as identified in ASU 2014-09.

**Advertising** - Advertising expenses are charged against income as incurred. Advertising costs for the years ended November 30, 2024 and 2023 amounted to \$2,147 and \$1,191, respectively.

**HUDSON RIVER SLOOP CLEARWATER, INC.**  
**Notes to Financial Statements**

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**Donated Materials and Services** - Donated materials and services are recorded at their estimated values at date of receipt. Community volunteers have donated significant amounts of time in assisting the Organization with its fundraising efforts and Community Investment programs. The dollar value of these contributed services is not reflected in the financial statements because the nature of the services does not meet the specified criteria for recording.

**Merchandise Inventory** - Merchandise inventory consists of giftware, fish keys, and clothing and is stated at the lower of cost or net realizable value on a first-in, first-out basis.

**Income Taxes** - The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

In accordance with ASC 740-10-50, the Organization recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Organization is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecognized tax benefits has been included on the Organization's financial statements.

**Subsequent Events** - Management evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

**Note 2. Employee Retention Credits**

During the year ended November 30, 2022, the Organization qualified to receive a refundable tax credit of \$335,763 for the Employee Retention Credit ("ERC") under the CARES Act. At November 30, 2024 and 2023, employee retention credit receivable amounted to \$135,649 and \$170,434, respectively. (See Note 9).

**Note 3. Property and Equipment**

Property and equipment consisted of the following at November 30:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 826,796	\$ 826,796
Sloop, yawl, boat, and boat equipment	2,794,678	2,794,678
Office equipment and furniture	25,828	25,828
	3,647,302	3,647,302
Less, accumulated depreciation	(2,493,761)	(2,341,809)
Property and equipment - net	\$ 1,153,541	\$ 1,305,493

**HUDSON RIVER SLOOP CLEARWATER, INC.**  
**Notes to Financial Statements**

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**Note 4. Long-Term Debt**

The Organization's long-term debt and collateral pledged thereon, consisted of the following as of November 30:

	<u>2024</u>	<u>2023</u>
Note payable to Ulster Savings Bank due in monthly payments of \$3,733, including interest at 4.50%, through October 2027. The note is collateralized by the general assets of the Organization.	\$ 141,263	\$ 178,783
On December 24, 2019, the Organization's line of credit with Ulster Savings Bank was converted into a term loan due in monthly payments of \$932, including interest at 4.50%, through December 2024. Subsequent to year end, this loan was extended to June 2025. The note is collateralized by the general assets of the Organization.	6,405	17,042
On July 7, 2020, the Organization received a \$150,000 loan from the US Small Business Administration (SBA) under the COVID-19 Economic Injury Disaster Loan (EIDL) program. The loan has a 30-year term, accrues interest at 2.75% per annum, and is collateralized by the Organization's fixed assets. The loan is not forgivable and must be repaid in monthly payments of \$641. The SBA granted a 30-month deferment period from the original note date for COVID-19 EIDL borrowers.	150,000	150,000
Total	297,668	345,825
Less: current portion	(45,739)	(48,157)
Long-term portion	\$ 251,929	\$ 297,668

Notes payable are payable in each of the next five years as follows:

2025	\$ 45,739
2026	44,661
2027	46,648
2028	21,861
2029	3,925
Thereafter	134,834
Total	\$ 297,668

**HUDSON RIVER SLOOP CLEARWATER, INC.**  
**Notes to Financial Statements**

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**Note 5. Lease Obligations**

The Organization leases office space under an operating lease and has elected the practical expedient not to separate lease and non-lease components for all of lease transactions. The lease has a term of one year, commencing January 1, 2022, with automatic renewals for four additional successive periods of one year each unless one of the Parties decides not to renew and notifies the other party ninety days prior to the end of the term on December 31. The lease provides for payments of \$1,400 per month. The lease asset and liability was calculated using the risk-free discount rate at the later of lease inception or period of adoption, unless explicitly stated, in accordance with the Organization's accounting policies. Additional information about the Organization's leases are as follows:

	<u>2024</u>	<u>2023</u>
Lease expense:		
Operating lease:		
Administrative and general	\$ 16,800	\$ 16,800
 Weighted Averages:		
Remaining lease terms:		
Operating lease	2 years	3 years
Discount rate:		
Operating lease	3.82%	3.82%
 Lease liability:	<u>2024</u>	<u>2023</u>
Operating lease:		
Current installments	\$ 15,793	\$ 15,202
Noncurrent installments	17,747	33,541
Total lease liability	<u>\$ 33,540</u>	<u>\$ 48,743</u>

The aggregate maturity of the lease payments under ASC 842 for the years following November 30, 2024 is as follows:

2025	\$ 16,800
2026	16,800
Total	<u>33,600</u>
Less: unamortized discount	<u>(60)</u>
Total lease liability	<u>\$ 33,540</u>

The Organization also leases a building from the Hudson River Maritime Museum. The lease is for a ten year initial term through July 2033. The lease calls for annual rent of \$1 and that the Organization pay for all utilities and services used during the time it occupies the property. The Organization leases the building from October through April in order to perform repairs to the Sloop Clearwater during the non-sailing season. The Organization, as a condition of this lease agreement, cooperated with the design and construction of the building, incurring approximately \$800,000 in costs, which are included in fixed assets on the statements of financial position.

**HUDSON RIVER SLOOP CLEARWATER, INC.**  
**Notes to Financial Statements**

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**Note 6. Due to Related Parties**

During the year ended November 30, 2016, a board member issued a loan to the Organization with no written repayment terms or loan agreement. Forgiveness related to this loan, in the amount of \$5,000 is included in individual donations on the statement of activities for the year ended November 30, 2024. During the year ended November 30, 2022, another board member issued a loan to the Organization, which was paid off during the year ended November 30, 2023. During the year ended November 30, 2023, additional loans were issued from board members, all with written loan agreements and repayment terms. Forgiveness related to these loans, in the amount of \$35,000 is included in individual donations on the statement of activities for the year ended November 30, 2024. Balances due to related parties were \$64,684 and \$106,630 as of November 30, 2024 and 2023, respectively.

**Note 7. Economic Dependency**

The Organization receives a substantial amount of its support from donations and grants. A significant reduction in the level of this support, if this were to occur, may have an effect on the programs and activities provided by the Organization.

**Note 8. Contingencies**

Grants received by the Organization are subject to audit and adjustment by the funding agency or its representative. If grant revenues are received for expenditures which are subsequently disallowed, the Organization may be required to repay the revenues to the funding agency.

**Note 9. Going Concern**

The accompanying financial statements have been prepared assuming the Organization will continue as a going concern. The Organization had a negative change in net assets of approximately \$70,000 and \$433,000 for the years ended November 30, 2024 and 2023. During 2023, the Organization also had negative cash flow from operating activities. The Organization also has negative working capital of approximately \$75,000 and \$94,000 for the years ended November 30, 2024 and 2023, respectively. This situation, among others, raise substantial doubt about the Organization's ability to continue as a going concern.

Management intends to fund operations through increased contributions, grants, and occupancy fees of the sloop. Subsequent to year end, the Organization received approximately \$147,000 for the Employee Retention Credit which will support added cash flow for the upcoming year. A growth trend of support is anticipated as management continues to navigate post pandemic to fully engaged programming. Management evaluated whether its mitigation plan will alleviate the substantial doubt, and concluded that it will. Management found that the plan is feasible given the current facts and circumstances.