HUDSON RIVER SLOOP CLEARWATER, INC.

FINANCIAL STATEMENTS

NOVEMBER 30, 2025 and 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, 2025, 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, 2025, 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.

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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended November 30, 2024, 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
July 27, 2026

HUDSON RIVER SLOOP CLEARWATER, INC.
Statements of Financial Position
November 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 74,241	$ 22,797
Grants receivable	8,373	-
Employee retention credits receivable	-	135,649
Prepaid rent	-	1,000
Total current assets	82,614	159,446
Property and Equipment - Net	1,077,971	1,153,541
Right-of-Use Asset - Operating Lease	17,747	33,540
Other Assets		
Interest in assets held by CFHV	46,225	-
Deposits	811	8,800
Total other assets	47,036	8,800
Total Assets	$ 1,225,368	$ 1,355,327
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 30,798	$ 37,660
Current portion of long-term debt	44,661	45,739
Current portion of due to related party	10,000	60,000
Accrued expenses	79,963	70,109
Current installments of operating lease liability	16,407	15,793
Total current liabilities	181,829	229,301
Long-Term Liabilities		
Long-term debt, net of current portion	207,248	251,929
Due to related party, net of current portion	10,000	4,683
Operating lease liability, net of current installments	1,340	17,747
Total long-term liabilities	218,588	274,359
Total Liabilities	400,417	503,660
Net Assets		
Net assets without donor restriction	748,726	845,381
Net assets with donor restriction	76,225	6,286
Total net assets	824,951	851,667
Total Liabilities and Net Assets	$ 1,225,368	$ 1,355,327

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, 2025 and 2024
(With Comparative Totals for the Year Ended November 30, 2024)

	Without Donor Restriction	With Donor Restriction	Total 2025	Total 2024
Support and Revenues				
Individual donations	$ 935,686	$ 46,225	$ 981,911	$ 1,029,925
Corporate, foundation, and government support	204,125	30,000	234,125	94,263
Education and sailing program	125,566	-	125,566	153,721
Community program	129,282	-	129,282	108,007
Special events, net of related expenses of $26,150 and $23,621 in 2025 and 2024	108,981	-	108,981	135,813
Other income	22,865	-	22,865	374
Net assets released from restrictions	6,286	(6,286)	-	-
Total Support and Revenues	1,532,791	69,939	1,602,730	1,522,103
Expenses				
Program Services				
Environmental action	88,403	-	88,403	71,967
Community outreach	15,375	-	15,375	13,502
Education and sloop	977,460	-	977,460	865,711
Total program services	1,081,238	-	1,081,238	951,180
Supporting Services				
Management and general	337,849	-	337,849	439,287
Fundraising expenses	210,359	-	210,359	196,219
Total support services	548,208	-	548,208	635,506
Total Expenses	1,629,446	-	1,629,446	1,586,686
Change in Net Assets	(96,655)	69,939	(26,716)	(64,583)
Net Assets - Beginning	845,381	6,286	851,667	916,250
Net Assets - Ending	$ 748,726	$ 76,225	$ 824,951	$ 851,667

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, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Changes in net assets	$ (26,716)	$ (64,583)
Adjustments		
Bad debt	14,135	-
Depreciation	134,326	151,952
Donated securities	(53,241)	(14,258)
Forgiveness of note payable to related party	(39,683)	(35,000)
In kind contribution in lieu of repayment to related party	-	(5,100)
Changes in assets and liabilities		
Employee retention credits receivable	121,514	34,785
Grants receivable	(8,373)	-
Prepaid rent	1,000	(1,000)
Merchandise inventory	-	12,413
Deposits	7,989	(8,800)
Accounts payable	(6,862)	(19,924)
Accrued expenses	9,854	(8,760)
Net cash flows from operating activities	153,943	41,725
Cash Flows from Investing Activities		
Purchase of property and equipment	(58,756)	-
Purchase of investments	(46,225)	-
Proceeds from sale of donated securities	53,241	14,258
Net cash flows from investing activities	(51,740)	14,258
Cash Flows from Financing Activities		
Repayment of long-term debt	(45,759)	(48,157)
Proceeds from related party	20,000	2,200
Repayments to related party	(25,000)	(4,047)
Net cash flows from financing activities	(50,759)	(50,004)
Net Change in Cash and Cash Equivalents	51,444	5,979
Cash and Cash Equivalents - Beginning	22,797	16,818
Cash and Cash Equivalents - Ending	$ 74,241	$ 22,797
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	$ (16,176)	$ (18,971)
Donated securities	$ 53,241	$ 14,258
Cash Paid for Amounts Included in Measurement of Lease Liabilities		
Cash paid for operating leases	$ 15,793	$ 15,203

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, 2025
(With Comparative Totals for 2024)

	Program Expenses					Total Expenses	
	Environmental Action	Community Outreach	Education and Sloop	Management and General	Fundraising	2025 Total	2024 Total
Advertising	$ 72	$ 1,013	$ -	$ 942	$ 787	$ 2,814	$ 2,147
Bad debt	-	-	-	14,135	-	14,135	-
Credit card fees and bank changes	-	-	-	15,796	-	15,796	12,958
Depreciation	-	-	134,326	-	-	134,326	151,952
Dues and memberships	120	-	201	1,675	3,549	5,545	5,144
Employee benefits	11,872	-	68,629	64,383	3,176	148,060	141,003
Food	-	-	24,106	-	1,385	25,491	25,878
Insurance	-	-	58,131	16,180	-	74,311	76,074
Interest expense	-	-	-	16,176	-	16,176	18,971
Merchandise inventory	-	-	-	-	2,707	2,707	13,192
Miscellaneous	346	-	653	469	-	1,468	1,718
Operating supplies	63	9	4,351	12,580	11,635	28,638	9,608
Other operating costs	197	30	12,365	760	1,379	14,731	21,910
Payroll fees	-	-	-	6,318	-	6,318	3,517
Postage	-	48	33	446	6,541	7,068	3,202
Printing	-	-	78	303	21,046	21,427	12,994
Professional services	-	-	2,077	17,423	-	19,500	37,335
Program consultants	1,000	14,275	9,080	21,000	18,060	63,415	38,465
Registration and fees	-	-	50	650	-	700	2,528
Rent	-	-	22,650	7,080	1,770	31,500	35,209
Salaries	73,832	-	575,034	134,124	137,274	920,264	861,138
Sloop maintenance	-	-	46,139	-	-	46,139	91,549
Telephone	-	-	978	3,492	27	4,497	4,056
Travel and conferences	901	-	7,864	588	191	9,544	6,202
Utilities	-	-	10,715	3,329	832	14,876	9,936
Total expenses	$ 88,403	$ 15,375	$ 977,460	$ 337,849	$ 210,359	$ 1,629,446	$ 1,586,686

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

HUDSON RIVER SLOOP CLEARWATER, INC.
Statements of Functional Expenses
For the Year Ended November 30, 2024

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

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

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, 2025 and 2024, the Organization had $76,225 and $6,286 net assets with donor restrictions respectively.

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, 2025 and 2024, the Organization had $3,528 and $11,640 in excess of the federally insured limits resulting from money market funds and its PayPal account, respectively.

Liquidity - The Organization has $82,614 of financial assets available within one year of the statement of financial position date consisting of $74,241 of cash and equivalents, and $8,373 of receivables. $30,000 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.

Grants Receivable - 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, 2025 and 2024 management has determined that an allowance is not necessary.

Employee Retention Credit Receivable - The Organization records amounts expected to be received under the Employee Retention Credit ("ERC") program as a receivable. See Note 2.

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.

Right-of-Use Asset and Lease Liability - The Organization adopted ASC 842, "Leases." ASC 842 establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The Organization has elected the practical expedient not to separate lease and non-lease components for all lease transactions and uses the risk-free rate as the discount rate for its operating leases.

Beneficial Interest in Assets Held by Community Foundations of the Hudson Valley - The Hudson River Sloop Clearwater (the "Organization") maintains an endowment fund to provide long-term support for the Organization's mission. During the year ended November 30, 2025, the Organization received a donor-restricted gift of $46,225 to establish the Clearwater Horizon Endowment as a permanent endowment for the benefit of the Organization through the Community Foundations of the Hudson Valley ("CFHV"). The Organization transferred the gift to CFHV during the year ended November 30, 2025.

In accordance with the fund agreement, the endowment fund is administered by CFHV, and CFHV retains variance power, which permits CFHV to modify restrictions or conditions on distributions. The Organization reports its interest in the fund as a beneficial interest in assets held by CFHV. The fair value of the beneficial interest at November 30, 2025 and 2024 was $46,225 and $-, respectively. The endowment is reported as net assets with donor restrictions.

Impairment of Long-Lived Assets - The Organization reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of undiscounted estimated future cash flows expected to result from the use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. During the years ended November 30, 2025 and 2024 there was no impairment loss recognized for long-lived assets.

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.

Functional Expenses - Expenses are charged to program and supporting services based on direct expenditures incurred. Certain categories of expenses are attributable to one or more program or supporting function and, as a result, it is necessary to allocate these expenses amongst the functional categories. The Organization’s allocation methods used for salaries and related costs are based on management’s estimates of employees’ time and effort that are shared between multiple functional categories. All remaining expenses are directly charged to the appropriate functional category on a transactional basis.

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, 2025 and 2024 amounted to $2,814 and $2,147, respectively.

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, 2025 and 2024, employee retention credit receivable amounted to $- and $135,649, respectively.

Note 3. Property and Equipment

Property and equipment consisted of the following at November 30:

	2025	2024
Leasehold improvements	$ 826,796	$ 826,796
Sloop, yawl, boat, and boat equipment	2,824,145	2,794,678
Office equipment and furniture	25,828	25,828
Construction in Progress: Sloop Project	29,289	-
	3,706,058	3,647,302
Less, accumulated depreciation	(2,628,087)	(2,493,761)
Property and equipment - net	$ 1,077,971	$ 1,153,541

Note 4. Long-Term Debt

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

	2025	2024
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.	$ 101,909	$ 141,263
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. The loan was fully repaid during the year ended November 30, 2025.	-	6,405
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	251,909	297,668
Less: current portion	(44,661)	(45,739)
Long-term portion	$ 207,248	$ 251,929

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

2026	$ 44,661
2027	46,648
2028	21,861
2029	3,925
2030	4,035
Thereafter	130,779
Total	$ 251,909

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:

	2025	2024
Lease expense:		
Operating lease:		
Administrative and general	$ 16,800	$ 16,800
Weighted Averages:		
Remaining lease terms:		
Operating lease	1 year	2 years
Discount rate:		
Operating lease	3.82%	3.82%

Lease liability:	2025	2024
Operating lease:		
Current installments	$ 16,407	$ 15,793
Noncurrent installments	1,340	17,747
Total lease liability	$ 17,747	$ 33,540

The aggregate maturity of the lease payments under ASC 842 for the years following November 30, 2025 is as follows:

2026	$ 16,800
2027	1,400
Less: unamortized discount	(453)
Total lease liability	$ 17,747

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.

Management evaluated this arrangement in accordance with ASC 842 and concluded that the annual fixed rent of $1 is not significant. Accordingly, the Organization has not recognized a right-of-use asset or lease liability related to this arrangement. Variable costs such as utilities and services are expensed as incurred.

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, 2023, additional loans were issued from board members, all with written loan agreements and repayment terms. Forgiveness related to these loans, in the amount $35,000 is included in individual donations on the statement of activities for the year ended November 30, 2024.

During the year ended November 30, 2025, loan repayments in the amount of $25,000 were made to various board members and forgiveness in the amount of $39,683 is included in individual donations on the statement of activities for the year ended November 30, 2025. Additionally, during 2025, two board members issued separate loans of $10,000, both with written loan agreements and repayment terms.

Balances due to related parties were $20,000 and $64,683 as of November 30, 2025 and 2024, 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. Management's Plans to Address Operating Conditions

The Organization had a negative change in net assets of approximately $30,000 and $70,000 for the years ended November 30, 2025, and 2024. Additionally, the Organization has negative working capital of approximately $110,000 and $75,000 for the years ended November 30, 2025, and 2024, respectively.

Subsequent to November 30, 2025, the Organization reported (i) continued planning and funding activity related to the final phase of the sloop restoration project, including grant awards of $675,000 from New York State Office of Parks, Recreation and Historic Preservation (OPRHP) and $500,000 from NYS CREST (Community Resiliency, Economic Sustainability and Technology Program), (ii) additional New York State funding for operations that is not donor-restricted, including $200,000 from the Environmental Protection Fund (EPF) and $35,000 from Office of New York State Assemblymember Dana Levenberg (New York State Assembly, 95th Assembly District), (iii) repayment during the year of the Organization's $100,000 line of credit and $20,000 of board member loans, and (iv) plans to donate certain historic assets to the New York State Museum, with an initial transfer scheduled in 2026. No other subsequent events were identified that require recognition or disclosure in the accompanying financial statements.

Management intends to fund operations through increased contributions, grants, and occupancy fees of the sloop. A growth trend of support is anticipated as management continues to navigate post pandemic to fully engaged programming. Management has evaluated these conditions in accordance with ASC 205-40, including the continued support from state agencies and individual donors, as well as, specific plans to improve liquidity and profitability. Based on these factors, management believes its plans will enable the Organization to meet its obligations for at least one year after the issuance of the financial statements.

Note 10. Retirement Plans

The Organization maintains a 401(k) tax-deferred retirement plan covering substantially all employees, subject to age and service eligibility requirements. The plan was established during the year ended November 30, 2025. Eligible employees may elect to participate in the plan upon employment.

The Organization may make matching contributions in accordance with the plan. Total employer contribution expense related to the plan for the years ended November 30, 2025 and 2024 was $2,009 and $-, respectively.

During the year ended November 30, 2025, the Organization received donor-restricted support for the Organization's 401(k) matching program; $30,000 is included in net assets with donor restrictions as "Restricted for staff retirement plan (401(k) match).

Note 11. Net Assets with Donor Restrictions

Net assets with donor restrictions include amounts restricted by donors for specific purposes. During the year ended November 30, 2025, the Organization received a donor-restricted gift of $46,225 to establish the Clearwater Horizon Endowment as a permanent endowment for the benefit of the Organization through the Community Foundations of the Hudson Valley ("CFHV") (See Note 1 for additional details). The Organization transferred the gift to CFHV during the year ended November 30, 2025. Additionally, the Organization received donor-restricted support to fund the establishment of, and initial employer matching contributions to, the Organization's 401(k) retirement plan. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. During the year ended November 30, 2025, net assets released from restrictions totaled $6,286. The releases from restrictions during 2025 related primarily to expenditures incurred for the purposes specified by donors.

The Organization's net assets with donor restriction consisted of the following as of November 30:

	2025	2024
Interest in assets held by CFHV	$ 46,225	$ -
Restricted for staff retirement plan (401(k) match)	30,000	-
Other amounts restricted in perpetuity	-	6,286
Total net assets with donor restriction	$ 76,225	$ 6,286