INLAND SEAS EDUCATION ASSOCIATION
SUTTONS BAY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED December 31, 2025
(with comparative totals for the year ended December 31, 2024)

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Inland Seas Education Association

Opinion

We have audited the accompanying financial statements of Inland Seas Education Association (the Association) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows 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 Inland Seas Education Association as of December 31, 2025, and the changes 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 Inland Seas Education Association 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 these 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 Inland Seas Education Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 Inland Seas Education Association'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 Inland Seas Education Association'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.

Maner Costerisan PC

Lansing, Michigan
April 1, 2026

FINANCIAL STATEMENTS

INLAND SEAS EDUCATION ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025
(With Comparative Totals as of December 31, 2024)

	2025	2024
ASSETS		
Current assets		
Cash and investments	$ 4,551,398	$ 3,515,744
Accounts receivable	57,275	5,693
Contributions receivable	1,195,000	550,000
Inventories	235	235
Prepaid expenses	11,335	11,335
Total current assets	5,815,243	4,083,007
Noncurrent assets		
Noncurrent portion of contributions receivable, net	373,704	447,005
Property and equipment, net	5,449,182	4,088,812
Total noncurrent assets	5,822,886	4,535,817
TOTAL ASSETS	$ 11,638,129	$ 8,618,824
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	$ 8,205	$ 2,581
Accrued liabilities	56,804	47,463
Deferred revenue	62,229	6,733
TOTAL LIABILITIES	127,238	56,777
NET ASSETS		
Without donor restrictions	9,700,470	7,339,449
With donor restrictions	1,810,421	1,222,598
TOTAL NET ASSETS	11,510,891	8,562,047
TOTAL LIABILITIES AND NET ASSETS	$ 11,638,129	$ 8,618,824

See accompanying notes to financial statements.

INLAND SEAS EDUCATION ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
SUPPORT AND REVENUE				
Program service fees	$ 86,415	$ -	$ 86,415	$ 187,832
Contributions of cash and other financial assets	2,643,700	1,160,515	3,804,215	2,603,791
Fundraising events	134,982	-	134,982	(135)
Contributions of non-financial assets	274,451	-	274,451	222,770
Grants	214,445	184,265	398,710	565,162
Merchandise sales of $5,083, net of cost of sales of $1,120	3,963	-	3,963	722
Sale of donated boats	32,147	-	32,147	46,895
Dock and space rentals	40,740	-	40,740	8,176
Investment return, net	114,442	-	114,442	75,164
Net assets released from restrictions	756,957	(756,957)	-	-
TOTAL SUPPORT AND REVENUE	4,302,242	587,823	4,890,065	3,710,377
EXPENSES				
Program services	1,309,307	-	1,309,307	1,081,600
Supporting services				
General and administrative	215,691	-	215,691	187,168
Fundraising	416,223	-	416,223	469,462
TOTAL EXPENSES	1,941,221	-	1,941,221	1,738,230
CHANGE IN NET ASSETS	2,361,021	587,823	2,948,844	1,972,147
Net assets, beginning of year	7,339,449	1,222,598	8,562,047	6,589,900
Net assets, end of year	$ 9,700,470	$ 1,810,421	$ 11,510,891	$ 8,562,047

See accompanying notes to financial statements.

INLAND SEAS EDUCATION ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	Program Services	Supporting Services: General and Administration	Supporting Services: Fundraising	2025 Total	2024 Total
EXPENSES					
Salaries and wages	$ 531,227	$ 120,847	$ 257,068	$ 909,142	$ 777,329
Intern stipends	25,623	-	-	25,623	40,914
Retirement plan contributions	12,893	3,500	5,147	21,540	19,041
Other employee benefits	51,552	14,101	8,378	74,031	62,510
Payroll taxes	48,787	10,479	23,828	83,094	61,640
Direct program expenses	3,610	-	-	3,610	7,330
Accounting fees	23,882	7,129	4,634	35,645	32,141
Legal fees	-	-	-	-	8,440
Supplies	5,154	1,283	804	7,241	1,528
Telephone	3,252	971	616	4,839	5,120
Postage and delivery	1,465	432	749	2,646	2,992
Occupancy costs	4,838	10,001	826	15,665	6,647
Equipment rental and maintenance	15,041	4,358	1,637	21,036	21,816
Printing and publications	611	168	109	888	5,217
Travel	6,961	2,069	1,346	10,376	10,307
Grant expenses	17,680	-	-	17,680	13,302
Interest	1	-	-	1	136
Depreciation	87,130	28,054	18,235	133,419	127,592
Advertising and marketing	7,800	-	-	7,800	10,205
Contract services	4,761	555	31,487	36,803	51,969
Training and education	5,916	1,766	1,148	8,830	14,190
Dues and subscriptions	3,675	580	530	4,785	6,080
Insurance	63,686	3,671	2,427	69,784	66,138
Events expense	-	-	-	-	135
Fundraising expense	-	-	40,933	40,933	42,268
Licenses and permits	234	4	3	241	1,059
Bank charges	4,210	1,252	814	6,276	6,473
Ship operating costs	63,163	127	1,600	64,890	86,245
Volunteer expenses	4,282	-	4	4,286	3,834
Loss on disposition of fixed assets	24,506	-	-	24,506	-
Miscellaneous expense	7,083	4,344	13,900	25,327	16,709
Donated in-kind expenses					
Ship volunteer instructors	209,579	-	-	209,579	163,200
Boat shop volunteers	64,872	-	-	64,872	59,569
Amortization of dock usage	6,853	-	-	6,853	6,853
TOTAL EXPENSES	1,310,327	215,691	416,223	1,942,241	1,738,929
Less expenses netted with revenues					
Fundraising events	-	-	-	-	(135)
Cost of merchandise sales	(1,020)	-	-	(1,020)	(564)
	$ 1,309,307	$ 215,691	$ 416,223	$ 1,941,221	$ 1,738,230

See accompanying notes to financial statements.

INLAND SEAS EDUCATION ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,948,844	$ 1,972,147
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation/amortization	140,272	134,445
Loss on disposal of fixed assets	24,506	-
(Increase) decrease in:		
Accounts receivable	(51,582)	51,830
Inventories	-	(235)
Contributions receivable	(571,699)	200,764
Increase (decrease) in:		
Accounts payable	5,624	(1,298)
Accrued liabilities	9,341	(2,799)
Deferred revenue	55,496	(11,830)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,560,802	2,343,024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,525,148)	(233,393)
NET INCREASE IN CASH AND INVESTMENTS	1,035,654	2,109,631
Cash and investments, beginning of year	3,515,744	1,406,113
Cash and investments, end of year	$ 4,551,398	$ 3,515,744

See accompanying notes to financial statements.

INLAND SEAS EDUCATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Inland Seas Education Association (the "Association"), a not-for-profit organization, provides information in aquatic science and other sciences and enhances the learning opportunities for youths and adults in aquatic science aboard traditional vessels primarily on Grand Traverse Bay and Lake Michigan. The Association receives its support through grants, donations, and fees paid by area schools and adults who participate in programs offered by the Association.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Association conform to U.S. generally accepted accounting principles (GAAP) as applicable to nonprofit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing nonprofit accounting and financial reporting principles.

The following is a summary of the significant accounting policies of the Association:

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied. The financial statements of the Association are accounted for using the accrual basis of accounting in accordance with GAAP for nonprofit organizations.

Cash and Investments

Cash and investments consist of checking accounts, money market accounts, cash on hand, and certificates of deposit with original maturities of three or more months.

Accounts Receivable and Credit Losses

The Association is exposed to credit losses primarily through program service fees. Accounts receivable represent the Association's unconditional right to consideration in exchange for services that the Association has provided based on contracted prices. Accounts receivable are recorded when invoices are issued and are presented on the statement of financial position at the amount management expects to collect. Management provides for probable uncollectable amounts through credit losses expense and an adjustment to the allowance for credit losses. The Association's expected loss allowance methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions, and a review of the current status of accounts receivable. Due to the short-term nature of such receivables, the estimated accounts receivable that may not be collected is based on aging of the accounts receivable balances.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable and Credit Losses (continued)

The Association evaluates contract terms and conditions, economic and industry risk, credit worthiness, and may require prepayment to mitigate risk of loss. Specific allowance amounts are established to record the appropriate provision for accounts that have a higher probability of default. The Association monitors changes to the receivables balance on a timely basis, and balances are written off as they are determined to be uncollectable after all collection efforts have been exhausted. Currently, management has determined the value of an allowance for credit losses is immaterial and the recording of such balance is not considered necessary. Beginning and ending balances for accounts receivable is reported as follows at December 31:

	2025	2024
Accounts receivable, beginning of year	$ 5,693	$ 57,523
Accounts receivable, end of year	$ 57,275	$ 5,693
Credit losses	$ -	$ -

In addition, the Association recognizes an allowance for credit losses at the time a receivable is recorded based on management's estimate of expected credit losses, historical write-off experience, and current account knowledge, and adjusts this estimate over the life of the receivable as needed. The Association evaluates the aggregation and risk characteristics of a receivable pool and develops loss rates that reflect historical collections, current forecasts of future economic conditions over the time horizon the Association is exposed to credit risk, and payment terms or conditions that may materially affect future forecasts.

The Association performs ongoing credit evaluations of its customer's financial condition whenever deemed necessary. The Association evaluates and maintains, if necessary, an allowance for credit losses based on the expected collectability of all accounts receivable, which takes into consideration an analysis of historical credit losses, specific creditworthiness and current economic trends. Management believes that the Association's concentration of credit risk is limited because of the large number of accounts, credit quality, and geographic diversification.

Property and Equipment

Property and equipment are recorded at historical cost or at appraisal value at the date of gift if acquired by donation, net of accumulated depreciation/amortization. Major improvements and renewals are capitalized, while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation/amortization is computed using the straight-line method over the estimated useful lives of the related assets which are summarized as follows:

Building	40 years
Equipment	5 years
Furniture and fixtures	5-7 years
Science ships	20 years
Docks	12 years

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue

Program fees consist of amounts received for educational classes held aboard the Association's sailing vessels. Revenues are generally recognized upon commencement of the classes. Deferred revenues consist of deposits received in advance of the school year program. The deferred revenue will be recognized in the statement of activities when services are provided in the upcoming year.

	2025	2024
Deferred revenue, beginning of year	$ 6,733	$ 18,563
Deferred revenue, end of year	$ 62,229	$ 6,733

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets 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 grantor restrictions. Net assets without donor restrictions as of December 31, 2025 and 2024, consist of the following:

	2025	2024
Net assets without donor restrictions	$ 9,700,470	$ 7,339,449

Net Assets With Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished. Net assets with donor restrictions that are temporary in nature as of December 31, 2025 and 2024, consist of the following:

	2025	2024
Purpose restrictions		
Scholarships for student class costs	$ 133,806	$ 162,375
Time restrictions		
Operational costs for future fiscal years	51,100	66,618
Future of Great Lakes Education Campaign	1,625,515	993,605
	$ 1,810,421	$ 1,222,598

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Revenue Recognition

Contract and program service revenue recognized by the Association is comprised of contracts committed from various funding agencies for use in the Association's activities. All program services revenue is recognized at a point in time. All funding sources are providing revenue streams to the Association for the benefit of the public. Contract revenue is recognized as revenue upon receipt and meeting all conditional requirements of the funding arrangement. Any funds received in advance for which conditions of the agreement have not been met are recognized as refundable advances and then subsequently recognized upon meeting the conditions of the agreement.

The organization generates revenue from merchandise, donated boat sales, and dock and space rentals. Revenue is recognized at the moment control of the item sold is relinquished. We consider several factors in determining that control transfers to the customer upon sale. These factors include that legal title transfers to the customer, we have a present right to payment, and the customer has assumed the risks and rewards of ownership at the time of transfer.

Contributions and grants of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts and grants received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flow technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Revenue Recognition (continued)

The following schedule shows the Association's revenues disaggregated according to the timing of transfer of goods or services for the years ended December 31, 2025 and 2024:

	2025	2024
Contract revenue recognized at a point in time		
Program service fees	$ 86,415	$ 187,832
Merchandise sales, net of expenses of $1,120 and $564 in 2025 and 2024, respectively	3,963	722
Sale of donated boats	32,147	46,895
Dock and space rentals	40,740	8,176
TOTAL CONTRACT REVENUE RECOGNIZED AT A POINT IN TIME	163,265	243,625
Contributions	4,078,666	$ 2,826,561
Fundraising events	134,982	(135)
Grants	398,710	565,162
Investment return, net	114,442	75,164
TOTAL SUPPORT AND REVENUE	$ 4,890,065	$ 3,710,377

Contributed Materials, Equipment, and Services

GAAP require recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. GAAP also require contributions of tangible assets to be recognized at fair value when received and the value of donated services to be recorded as contributions in the period the services are rendered. The amounts reflected in the financial statements as contributions of non-financial assets will be offset by like amounts included in expenses. During the years ended December 31, 2025 and 2024, the fair value the Association received for services by instructors on the science ships, other professionals, and dock rental totaled $281,304 and $229,622, respectively. These amounts were recognized as program service expenses.

Contributed volunteer time is valued based on the most recently published value of volunteer time by state by Independent Sector and the number of hours contributed. Contributed dock rental is based on the standard rate per foot and the length of dock utilized by the Association.

For the years ended December 31, 2025 and 2024, the Association reported donor restricted net assets of $34,265 and $41,118, respectively, for the value of dock rental, which will be recognized in expenses over the remaining life of the agreement.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expense Allocation

The costs of providing program and other activities have been reported in the statement of activities. The statement of functional expenses present the natural classification of expenses that are allocated to program or supporting functions of the Association. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Payroll and related expenses are allocated based on estimated time spent in each area by personnel. Common expenses are generally split based on management estimates.

Advertising Costs

The Association expenses advertising costs as incurred. For the years ended December 31, 2025 and 2024, advertising costs amounted to $7,800 and $10,205, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Income Taxes

The Association is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. This consists of dock rental income and sale of marina apparel. For the years ended December 31, 2025 and 2024, these activities resulted in income tax amounting to $0 and $0, respectively. In addition, the Association qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under IRC section 509(a)(2).

The Association is subject to IRS and state examinations for a period of at least three years after the Form 990 has been filed.

Concentration of Risk

The Association is required to disclose significant concentrations of risk regardless of the degree of such risk. Financial instruments, which potentially subject the Association to concentrations of credit risk, consist principally of cash and investments. The Association places its cash with FDIC insured financial institutions. Although such cash balances exceeded the federally insured limits at certain times during the year, they are, in the opinion of management, subject to minimal risk. The Association has not experienced losses in any of these accounts.

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 1, 2026, the date the financial statements were available to be issued.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative Data

The financial statements include certain summarized prior-year comparative information in order to provide an understanding of the changes in the Association's financial position and operations.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

At December 31, 2025, unconditional promises to give consist of pledges by six donors. The unconditional promises to give, totaling $1,578,189 (before discounting) will be paid at $1,195,000 in 2026, $383,189 in 2027. The current year contributions were reported as contributions without donor restrictions, while the promises to give were reported as contributions with donor-imposed time restrictions.

At December 31, 2024, unconditional promises to give consist of pledges by five donors. The unconditional promises to give, totaling $1,028,400 (before discounting) will be paid at $550,000 in 2025, and $478,400 in 2026. The prior year contributions were reported as contributions without donor restrictions, while the promises to give were reported as contributions with donor-imposed time restrictions.

Unconditional promises to give are estimated to be collected as follows at December 31, 2025 and 2024:

	2025	2024
Within one year	$ 1,195,000	$ 550,000
In one to three years	383,189	478,400
	1,578,189	1,028,400
Less discount to net present value at rate of 6.75% for 2025 and 7.50% for 2024	(9,485)	(31,395)
Contributions receivable, net	$ 1,568,704	$ 997,005

NOTE 4 - LIQUIDITY AND AVAILABILITY

The Association monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to is ongoing program service activities to be general expenditures.

NOTE 4 - LIQUIDITY AND AVAILABILITY (continued)

The following reflects the Association's financial assets as of December 31, 2025 and 2024, which are deemed available for general expenditures within one year of the statement of net position date. Amounts not available include net assets with donor restrictions.

	2025	2024
Financial assets available at year-end		
Cash and investments	$ 4,551,398	$ 3,515,744
Accounts receivable	57,275	5,693
Contributions receivable	1,568,704	997,005
Total financial assets available at year-end	6,177,377	4,518,442
Less		
Donor restricted net assets	(1,810,421)	(1,222,598)
Financial assets available to meet cash needs for general expenditures within one year	$ 4,366,956	$ 3,295,844

In addition to financial assets available to meet general expenditures over the next 12 months, the Association operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Estimated Useful Lives (in Years)	2025	2024
Construction in progress	N/A	$ 478,671	$ 24,506
Land and improvements	N/A	2,808,696	1,771,751
Buildings	40	1,630,434	1,630,434
Equipment	5	228,624	239,885
Furniture and fixtures	5-7	90,389	90,389
Science ships	20	1,682,698	1,682,698
Docks	12	12,955	12,955
Right-to-use-Dock	10	68,530	68,530
		7,000,997	5,521,148
Less accumulated depreciation/amortization		(1,551,815)	(1,432,336)
		$ 5,449,182	$ 4,088,812

NOTE 6 - EMPLOYEE RETIREMENT PLAN

The Association has in place a SIMPLE retirement plan. In this plan, the Association will be required to match an employee's salary deferrals up to 3% of the employee's compensation. For the years ended December 31, 2025 and 2024, the Association made matching contributions totaling $21,540 and $19,041, respectively.

NOTE 7 - COMMUNITY FOUNDATION FUNDS

The Association is the beneficiary of four funds established with Grand Traverse Regional Community Foundation (GTRCF) and one fund established with Ann Arbor Area Community Foundation (AAACF). Funds are available for distribution to the Association upon recommendation of the fund advisory board, subject to variance powers held by the Community Foundations.

The assets held in the funds are not recorded in the financial statements of the Association because they are subject to variance power held by the Community Foundations which allow the Foundations, in their sole discretion, to change the beneficiary or withhold amounts from distribution.

The information for the five funds for years ended December 31, 2025 and 2024, are as follows:

Inland Seas Education Association Scholarship Endowment Fund (GTRCF)

	2025	2024
Transfer by Association to Foundation	$ -	$ -
Grants received by Association from Foundation	2,660	2,670
Total assets in fund	82,313	73,891
Funds available for distribution	2,850	2,660

Inland Seas Education Association Operating Endowment Fund (GTRCF)

	2025	2024
Transfer by Association to Foundation	$ -	$ -
Grants received by Association from Foundation	2,160	2,170
Total assets in fund	67,020	60,156
Funds available for distribution	2,320	2,160

Inland Seas Education Association Endowment Fund (AAACF)

	2025	2024
Transfer by Association to Foundation	$ -	$ -
Grants received by Association from Foundation	25,394	24,503
Total assets in fund	714,108	649,536
Funds available for distribution	-	-

NOTE 7 - COMMUNITY FOUNDATION FUNDS (continued)

Inland Seas Education Association Lee Scholarship Endowment Fund (GTRCF)

	2025	2024
Transfer by Association to Foundation	$ -	$ -
Grants received by Association from Foundation	2,620	2,650
Total assets in fund	80,282	72,409
Funds available for distribution	2,800	2,620

Inland Seas Education Association Gordon V. Brown Memorial Endowment Fund (GTRCF)

	2025	2024
Transfer by Association to Foundation	$ 3,000	$ 3,000
Grants received by Association from Foundation	2,570	2,440
Total assets in fund	88,260	76,628
Funds available for distribution	2,880	2,570