

Coast Guard Mutual Assistance, Inc.

Financial Report
December 31, 2020

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Independent Auditor's Report

Board of Control
Coast Guard Mutual Assistance, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Coast Guard Mutual Assistance, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coast Guard Mutual Assistance, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Washington, D.C.
March 22, 2021

Coast Guard Mutual Assistance, Inc.

**Statements of Financial Position
December 31, 2020 and 2019**

	2020	2019
Assets		
Cash and cash equivalents	\$ 970,919	\$ 2,510,560
Promises to give	17,240	52,894
Other receivables	2,000	-
Investments	43,633,524	43,442,361
Beneficial interest in perpetual trust	1,274,716	1,231,258
Loans receivable, net	3,124,892	3,047,306
Property and equipment, net	254,994	504,588
Security deposit	8,544	8,544
Total assets	\$ 49,286,829	\$ 50,797,511
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 26,388	\$ 12,369
Accrued leave	52,622	40,702
Deferred rent	85,094	89,479
Total liabilities	164,104	142,550
Commitments and contingencies (Notes 10 and 12)		
Net assets:		
Without donor restriction	32,791,358	33,831,398
With donor restriction	16,331,367	16,823,563
Total net assets	49,122,725	50,654,961
Total liabilities and net assets	\$ 49,286,829	\$ 50,797,511

See notes to financial statements.

Coast Guard Mutual Assistance, Inc.

Statements of Activities

Years Ended December 31, 2020 and 2019

	2020	2019
Activities without donor restrictions:		
Revenue, gains and other support:		
Investment income, net	\$ 3,298,927	\$ 4,510,262
Contributions	2,755,923	3,041,060
Other income	32,091	36,293
Net assets released from restrictions	665,355	1,029,782
Total revenue, gains and other support	6,752,296	8,617,397
Expenses:		
Program expenses:		
Disasters and emergencies	5,670,989	2,282,330
Education	748,181	807,002
Family support	332,827	239,715
Total program expenses	6,751,997	3,329,047
Supporting services:		
General and administrative	515,459	465,250
Fundraising	524,880	437,665
Total supporting services	1,040,339	902,915
Total expenses	7,792,336	4,231,962
Change in net assets without donor restrictions	(1,040,040)	4,385,435
Activities with donor restrictions:		
Investment income, net	155,918	643,877
Contributions	17,241	15,052,894
Net assets released from restrictions	(665,355)	(1,029,782)
Change in net assets with donor restrictions	(492,196)	14,666,989
Change in net assets	(1,532,236)	19,052,424
Net assets:		
Beginning	50,654,961	31,602,537
Ending	\$ 49,122,725	\$ 50,654,961

See notes to financial statements.

Coast Guard Mutual Assistance, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2020**

	Program Expenses				Supporting Services			
	Disasters and Emergencies	Education	Family Support	Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	Total
Grants	\$ 4,790,807	\$ 666,253	\$ 225,044	\$ 5,682,104	\$ -	\$ -	\$ -	\$ 5,682,104
Salaries and benefits	480,959	44,768	58,896	584,623	280,621	304,006	584,627	1,169,250
Depreciation	163,341	15,204	20,002	198,547	23,028	28,019	51,047	249,594
Printing and mailing	20,349	1,894	2,492	24,735	19,340	94,336	113,676	138,411
Bad debt expense (net of collections)	111,610	10,389	13,667	135,666	-	-	-	135,666
Facilities rental	52,752	4,910	6,460	64,122	30,779	33,344	64,123	128,245
Miscellaneous expenses	8,109	755	993	9,857	58,143	28,319	86,462	96,319
Office expenses	3,742	348	458	4,548	56,610	17,707	74,317	78,865
Information technology	39,320	3,660	4,815	47,795	12,293	15,476	27,769	75,564
Fees for services	-	-	-	-	34,645	3,673	38,318	38,318
	<u>\$ 5,670,989</u>	<u>\$ 748,181</u>	<u>\$ 332,827</u>	<u>\$ 6,751,997</u>	<u>\$ 515,459</u>	<u>\$ 524,880</u>	<u>\$ 1,040,339</u>	<u>\$ 7,792,336</u>

See notes to financial statements.

Coast Guard Mutual Assistance, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2019**

	Program Expenses				Supporting Services			
	Disasters and Emergencies	Education	Family Support	Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	Total
Grants	\$ 681,254	\$ 735,685	\$ 172,044	\$ 1,588,983	\$ -	\$ -	\$ -	\$ 1,588,983
Salaries and benefits	517,319	42,066	39,916	599,301	256,843	214,036	470,879	1,070,180
Fees for services	724,041	-	-	724,041	32,463	7,655	40,118	764,159
Depreciation	171,581	13,952	13,239	198,772	25,485	25,335	50,820	249,592
Facilities rental	58,446	4,753	4,510	67,709	29,018	24,181	53,199	120,908
Printing and mailing	6,209	505	479	7,193	18,024	95,472	113,496	120,689
Bad debt expense (net of collections)	77,073	6,267	5,947	89,287	-	-	-	89,287
Office expenses	-	-	-	-	37,989	33,929	71,918	71,918
Information technology	34,519	2,807	2,663	39,989	21,062	8,768	29,830	69,819
Miscellaneous expenses	11,888	967	917	13,772	44,366	28,289	72,655	86,427
	\$ 2,282,330	\$ 807,002	\$ 239,715	\$ 3,329,047	\$ 465,250	\$ 437,665	\$ 902,915	\$ 4,231,962

See notes to financial statements.

Coast Guard Mutual Assistance, Inc.

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (1,532,236)	\$ 19,052,424
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	249,594	249,592
Provision for doubtful accounts	(160,000)	(40,000)
Realized and unrealized gains on investments	(3,027,216)	(4,383,452)
Realized and unrealized gains on beneficial interest in perpetual trust	(93,458)	(197,261)
Deferred rent	(4,385)	(1,314)
Changes in assets and liabilities:		
(Increase) decrease in:		
Beneficial interest in perpetual trust (received)	50,000	50,000
Promises to give	35,654	689,017
Other receivables	(2,000)	-
Loans receivable	82,414	759,156
Increase (decrease) in:		
Accounts payable	14,019	(8,869)
Accrued leave	11,920	11,189
Net cash (used in) provided by operating activities	(4,375,694)	16,180,482
Cash flows from investing activities:		
Purchases of property and equipment	-	(9,821)
Purchases of investments	(878,973)	(15,439,662)
Proceeds from sale of investments	3,715,026	153,230
Net cash provided by (used in) investing activities	2,836,053	(15,296,253)
Net (decrease) increase in cash and cash equivalents	(1,539,641)	884,229
Cash and cash equivalents:		
Beginning	2,510,560	1,626,331
Ending	\$ 970,919	\$ 2,510,560

See notes to financial statements.

Coast Guard Mutual Assistance, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Coast Guard Mutual Assistance, Inc. (CGMA) is a nonprofit charitable organization operating since 1924 to provide financial aid to all active-duty and retired Coast Guard personnel, commissioned officers of the Public Health Service serving with the Coast Guard, civilian employees of the Coast Guard and members of the Selected Reserve and Auxiliary. Financial assistance may be in the form of an outright grant or an interest-free loan for housing assistance, post-secondary educational purposes, medical and dental assistance, debt management or emergency assistance. The organization consists of a headquarters located in Arlington, Virginia and over 140 field offices located at Coast Guard installations throughout the country. CGMA incorporated in Virginia in 1998.

Program services: Program services descriptions follows:

Disasters and emergencies: CGMA supports what is not covered by insurance after a disaster, emergency travel, unexpected repairs to homes or vehicles, losses (funds, property or identity), pay issues, bills and expenses, privation and other circumstances. These short-term situations are often out of the control of CGMA's clients, pose a serious financial or personal hardship and require urgent help.

Education: CGMA fosters their client's long-term financial well-being through education, including supplemental education grants, education loans, Stafford loan fee reimbursement, financial counseling, tutoring and other efforts designed to promote financial resilience.

Family support: CGMA provides help for unexpected medical and dental expenses, housing assistance (rental assistance, closing costs, deposits, etc.), funeral costs, service animals, pet expenses, costs to support exceptional family members (special needs), adoption loans and grants, respite care, layettes and other family needs.

A summary of CGMA's significant accounting policies follows:

Basis of presentation: The financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-profit Entities Topic of the FASB ASC, CGMA is required to report information regarding its financial position and activities according to two classes to net assets as follows:

Net assets without donor restrictions: Net assets without donor restrictions include undesignated funds that are available for the support of CGMA's activities and not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets with donor restrictions result from unconditional contributions whose use is limited by donor-imposed stipulations that are fulfilled and removed by actions of CGMA pursuant to these stipulations.

Income taxes: CGMA is exempt from the payment of income tax under Section 501(c)(3) of the Internal Revenue Code.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Coast Guard Mutual Assistance, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Cash and cash equivalents: For financial statement purposes, CGMA considers all short-term, highly-liquid investments with original maturities of three months or less to be cash and cash equivalents. Money market funds other highly liquid investments held in investments are excluded from cash and cash equivalents.

Investments: Investments with readily determinable fair values are reflected at fair value. To adjust the carrying value of these investments, the change in fair value is charged or credited to current operations net of related fees. Investments in alternative investments are valued at net asset value (NAV) or its equivalent, based on the applicable percentage ownership of the underlying net assets as of measurement date. In determining fair value of alternative investments, CGMA utilizes valuations provided by the fund managers and the estimated fair values may include securities for which prices are not readily available. Accordingly, the estimated fair values may vary significantly from the values that would have been used had a ready market existed for these investments. The fair value of alternative investments generally represents the amount CGMA would expect to receive if it were to liquidate its investment, excluding any liquidation costs that may apply. Money market funds held within the investment portfolio are recorded at cost.

Financial risk: CGMA maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to CGMA. However, CGMA has not experienced losses on these accounts in the past, and management believes the risk of loss, if any, to be minimal.

CGMA invests funds in a professionally managed portfolio that contains various securities detailed in Note 2. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. The investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Promises to give: Unconditional promises to give are recognized as revenue in the period the promises are received. CGMA's management reviews the collectability of promises to give on a regular basis. No reserve for doubtful accounts has been established because management expects to collect all promises to give in full.

Loans receivable: Loans receivable are reviewed for potential write off when a client has left the Coast Guard and CGMA is unable to collect payments for more than 120 days. CGMA wrote off \$135,666 and \$89,287 of loans receivable in 2020 and 2019, respectively. If a client is experiencing financial hardship or is still out-of-pocket on a disaster loan after insurance claims have been exhausted, they may apply for their loan to be converted to a grant. If approved by CGMA, the loan is converted to grant expense. The loans converted to grants amounted to \$211,559 and \$368,373 for the years ended December 31, 2020 and 2019, respectively.

Property and equipment: Acquisitions of property and equipment greater than \$1,000 and all expenditures for repairs, maintenance and betterments that materially prolong the useful lives of assets are capitalized at cost. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives.

Deferred rent: The value of the rent abatements as well as rent increases in future years received under the lease agreement for office space for CGMA is being allocated on a straight-line basis over the term of the lease as a reduction to rent expense.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions: Unconditional contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other unconditional donor-restricted contributions are reported as increases in restricted net assets, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions, whose restrictions are met within the same period as the contributions are recognized, are recorded as contributions without restrictions.

Functional allocation of expenses: Certain costs are allocated among multiple program services or supporting services activities. Allocable costs include salary and benefits, facilities rental, printing and mailing, computer equipment and maintenance. The costs are allocated among program services and supporting services activities based on employee effort and direct expenditures.

New accounting principles: The FASB issued the Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies requirements on how to determine reciprocal and non-reciprocal transactions. Reciprocal transactions generally follow the contract accounting standards under ASU 2014-09, Revenue from Contracts with Customers. Nonreciprocal transactions generally follow the contribution accounting standards. ASU 2018-08 also clarified and revised the definition of conditional contributions. CGMA adopted the provisions of ASU 2018-08 for contributions made during the year ended December 31, 2020.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. CGMA adopted this standard effective January 1, 2020, on a full retrospective basis. The adoption had no material effect on the financial statements for the years ended December 31, 2020 and 2019.

Reclassifications: Certain items in the December 31, 2019, financial statements have been reclassified to conform to the December 31, 2020, financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or net asset balances.

Upcoming accounting pronouncement: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. CGMA is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Subsequent events: Subsequent events have been evaluated through March 22, 2021, which is the date the financial statements were available to be issued.

Coast Guard Mutual Assistance, Inc.

Notes to Financial Statements

Note 2. Investments

Investments consisted of the following at December 31, 2020 and 2019:

	2020	2019
Equities:		
U.S. large cap	\$ 13,961,946	\$ 11,021,143
U.S. mid cap	3,602,380	2,740,066
U.S. small cap	2,058,398	1,981,782
International developed	836,149	974,507
Emerging markets	544,887	1,556,396
Fixed income securities:		
Investment grade taxable	7,011,874	7,882,242
International developed bonds	384,958	203,968
Global high yield taxable	367,893	1,611,905
Money market funds	14,865,053	15,470,352
	<u>\$ 43,633,538</u>	<u>\$ 43,442,361</u>

Note 3. Beneficial Interest in Perpetual Trust

In 2012, CGMA received an irrevocable right to receive income earned from a perpetual trust. Perpetual trusts provide for the distribution of the net income of the trusts to CGMA; however, CGMA will never receive the assets of the trusts as they do not own or control the trust's assets. The fair value of CGMA's interest in the trust is valued annually at December 31 with the gain or loss recognized in the statements of activities. The value of the original contribution is classified as a donor restricted net assets. Trust distributions and changes in fair value are recognized in the statements of activities.

In 2020 and 2019, CGMA received distributions of \$50,000 from the trust. For the years ended December 31, 2020 and 2019, CGMA recognized net gains of \$93,458 and \$197,261, respectively, for the change in fair value of its interest.

Note 4. Fair Value Measurements

In accordance with U.S. GAAP, CGMA uses the following prioritized input levels to measure fair value of financial instruments. The input levels used for valuing financial instruments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2: Includes inputs other than Level 1 that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Coast Guard Mutual Assistance, Inc.

Notes to Financial Statements

Note 4. Fair Value Measurements (Continued)

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as bid/ask spreads and liquidity discounts.

		2020								
		Total	Level 1	Level 2	Level 3	NAV				
Investments, fair value:										
Equities										
U.S. large cap	\$	13,961,946	\$	13,961,946	\$	-	\$	-		
U.S. mid cap		3,602,380		3,602,380		-		-		
U.S. small cap		2,058,398		2,058,398		-		-		
International developed		836,149		836,149		-		-		
Emerging markets		544,887		544,887		-		-		
Fixed income securities										
Investment grade taxable		7,011,874		-	7,011,874		-	-		
International developed bonds		384,958		-	384,958		-	-		
Global high yield taxable		367,893		-	367,893		-	-		
Money market funds		14,865,053		14,865,053						
		43,633,538		35,868,813	7,764,725		-	-		
Beneficial interest in perpetual trust		1,274,716		-	-		-	1,274,716		
	\$	44,908,254	\$	35,868,813	\$	7,764,725	\$	-	\$	1,274,716
		2019								
		Total	Level 1	Level 2	Level 3	NAV				
Investments, fair value:										
Equities										
U.S. large cap	\$	11,021,143	\$	11,021,143	\$	-	\$	-	\$	-
U.S. mid cap		2,740,066		2,740,066		-		-		-
U.S. small cap		1,981,782		1,981,782		-		-		-
International developed		974,507		974,507		-		-		-
Emerging markets		1,556,396		1,556,396		-		-		-
Fixed income securities										
Investment grade taxable		7,882,242		-	7,882,242		-		-	-
International developed bonds		203,968		-	203,968		-		-	-
Global high yield taxable		1,611,905		-	1,611,905		-		-	-
Money market funds		15,470,352		15,470,352						
		43,442,361		33,744,246	9,698,115		-		-	-
Beneficial interest in perpetual trust		1,231,258		-	-		-		-	1,231,258
	\$	44,673,619	\$	33,744,246	\$	9,698,115	\$	-	\$	1,231,258

Investments recorded at NAV consist of an investment in the Dorothy M Thayer Memorial Trust (the Fund), which is an alternative investment. The Fund is not publicly traded; CGMA therefore values its investment in the Fund at the NAV as reported by the Fund manager (the Trustee), multiplied by the number of units held. The NAV of the Fund is based on the fair value of the underlying securities held by the Fund. The investment manager, Wells Fargo, reserves the right to adjust the reported NAV if it is deemed to be not reflective of fair value. Because of the inherent uncertainty in the valuations of these investments, their estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the difference could be material. As permitted by U.S. GAAP, CGMA uses the NAV as a practical expedient to determine the fair value of this private investment vehicle.

Coast Guard Mutual Assistance, Inc.

Notes to Financial Statements

Note 5. Loans Receivable

At December 31, 2020 and 2019, CGMA had uncollateralized loans receivable totaling \$3,284,142 and \$3,207,306, respectively, all to present or former members of the Coast Guard family. CGMA loans bear no interest. Some of the loans are converted into grants if it becomes apparent that the individual is in financial need. Loans outstanding at December 31, 2020 and 2019, are shown net of an allowance for doubtful accounts of \$160,000. The allowance is calculated based on prior history of loan repayments. Loans are reviewed monthly to determine if any are past due or delinquent.

Program expenses do not include \$3,497,401 and \$10,608,092, respectively, in interest-free loans made by CGMA during the years ended December 31, 2020 and 2019, and revenues do not include \$3,767,039 and \$11,829,021, respectively, in repayments on loans received during the same periods. In accordance with generally accepted accounting principles, loans made and repayments of loans affect the calculation of the loan balance on the statements of financial position and are not shown as income or expenses.

Note 6. Liquidity

CGMA invests cash balances in excess of immediate liquidity needs in accordance with its investment policy. The following provides a summary of financial assets available for general expenditures at December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 970,919	\$ 2,510,560
Investments	43,633,524	43,442,361
Beneficial interest in perpetual trust	1,274,716	1,231,258
Promises to give	17,240	52,894
Subtotal financial assets	45,896,399	47,237,073
Amounts not available within one year:		
Net assets with donor restrictions	(16,331,367)	(16,823,563)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 29,565,032</u>	<u>\$ 30,413,510</u>

Note 7. Property and Equipment

Property and equipment consists of the following at December 31, 2020 and 2019:

	2020	2019
Furniture, fixtures and equipment	\$ 28,889	\$ 28,889
Computer software	1,216,512	1,216,512
	1,245,401	1,245,401
Less accumulated depreciation	(990,407)	(740,813)
Net property and equipment	<u>\$ 254,994</u>	<u>\$ 504,588</u>

Coast Guard Mutual Assistance, Inc.

Notes to Financial Statements

Note 8. Net Assets With Donor Restrictions

Net assets with donor restriction consisted of the following at December 31, 2020 and 2019:

	2020	2019
Emergency assistance	\$ 15,000,000	\$ 15,500,000
Beneficial interest in perpetual trust	1,274,716	1,231,258
Charles Samuel Rose estate	39,411	39,411
Pledges	17,240	52,894
	<u>\$ 16,331,367</u>	<u>\$ 16,823,563</u>

Net assets released from restriction consisted of the following at December 31, 2020 and 2019:

	2020	2019
Emergency assistance	\$ 562,461	\$ 231,891
Beneficial interest in perpetual trust	50,000	50,000
Charles Samuel Rose estate	-	5,980
Promises to give	52,894	741,911
	<u>\$ 665,355</u>	<u>\$ 1,029,782</u>

Note 9. Retirement Plan

CGMA provides a salary deferral arrangement which is qualified under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate in the plan. CGMA matches 100% of employee contributions up to 5% of the employee's annual compensation. CGMA matching contributions for the years ended December 31, 2020 and 2019, were \$41,454 and \$34,510, respectively.

Note 10. Commitment

In September of 2015, CGMA entered in to a lease for office space for a term of 10 years and nine months. No rent payments are due for the first nine months of the lease. Under the terms of the lease agreement, monthly payments of \$8,544 began in August 2016, and escalate 2.75% annually. CGMA recognizes rent expense on a straight-line basis. The difference in the amount of rent paid and the amount of rent expense recognized in the financial statements is recorded as deferred rent on the statements of financial position and totaled \$85,094 and \$89,479 at December 31, 2020 and 2019, respectively.

Coast Guard Mutual Assistance, Inc.

Notes to Financial Statements

Note 10. Commitment (Continued)

At December 31, 2020, CGMA was obligated under terms of non-cancelable leases for the following minimum lease payments:

Years ending December 31:

2021	\$	117,960
2022		121,204
2023		124,537
2024		127,961
2025		131,480
Thereafter		78,446
	\$	<u>701,588</u>

Note 11. Line of Credit

In January 2019, CGMA obtained a \$15,000,000 line of credit from Bank of America. As described in the terms of the line of credit agreement, certain assets of CGMA have been identified as collateral. There were no drawdowns on the line of credit during the years ended December 31, 2020 and 2019.

Note 12. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which CGMA operates. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to CGMA. The continued spread of COVID-19 could adversely impact CGMA’s operations and may have a material adverse effect on the financial condition of CGMA.

As a result of the pandemic, CGMA experienced a significant increase in non-budgeted disaster assistance as well as the delay or cancellation of several programs. CGMA also shifted to 100% remote operations, decreased travel and postponed awards.