

**CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.**

FINANCIAL STATEMENTS

**For the Years Ended
June 30, 2025 and 2024
and
Report Thereon**

Independent Auditor's Report

To the Board of Directors of
Chesapeake Climate Action Network Action Fund, Inc.

Opinion

We have audited the accompanying financial statements of Chesapeake Climate Action Network Action Fund, Inc. (CCAF), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits 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 CCAF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 CCAF's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

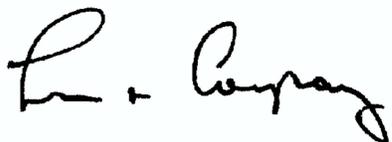
Auditor's Responsibilities for the Audit of the Financial Statements

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 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 CCAF'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 CCAF'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.

A handwritten signature in black ink, appearing to read "L. + Company", enclosed in a thin black rectangular border.

Washington, D.C.
February 16, 2026

**CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,724,328	\$ 1,125,424
Accounts receivable	1,622	5,000
Grants receivable	50,000	-
Prepaid expenses	43,437	48,186
Investments	-	505,559
	-	505,559
Total Assets	\$ 1,819,387	\$ 1,684,169
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 134,038	\$ 108,024
Deferred revenue	369,340	564,880
	369,340	564,880
Total Liabilities	503,378	672,904
Net Assets		
Without donor restrictions	1,158,371	861,265
With donor restrictions	157,638	150,000
	157,638	150,000
Total Net Assets	1,316,009	1,011,265
Total Liabilities and Net Assets	\$ 1,819,387	\$ 1,684,169

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

**CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Raffle income, net	\$ 1,073,863	\$ -	\$ 1,073,863
Grants and contributions	265,861	540,000	805,861
Contract revenue	75,000	-	75,000
Investment income, net	14,180	-	14,180
Net assets released from restrictions	532,362	(532,362)	-
Total Revenue and Support	<u>1,961,266</u>	<u>7,638</u>	<u>1,968,904</u>
Expenses			
Program Services	<u>1,509,799</u>	<u>-</u>	<u>1,509,799</u>
Supporting Services			
Fundraising	103,397	-	103,397
General and administrative	<u>50,964</u>	<u>-</u>	<u>50,964</u>
Total Supporting Services	<u>154,361</u>	<u>-</u>	<u>154,361</u>
Total Expenses	<u>1,664,160</u>	<u>-</u>	<u>1,664,160</u>
Change in Net Assets	297,106	7,638	304,744
Net Assets, Beginning of Year	<u>861,265</u>	<u>150,000</u>	<u>1,011,265</u>
Net Assets, End of Year	<u>\$ 1,158,371</u>	<u>\$ 157,638</u>	<u>\$ 1,316,009</u>

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

**CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Raffle income, net	\$ 802,423	\$ -	\$ 802,423
Grants and contributions	98,054	443,000	541,054
Contract revenue	75,000	-	75,000
Investment income, net	5,559	-	5,559
Net assets released from restrictions	393,000	(393,000)	-
	1,374,036	50,000	1,424,036
Expenses			
Program Services	1,150,078	-	1,150,078
Supporting Services			
Fundraising	95,373	-	95,373
General and administrative	40,316	-	40,316
	135,689	-	135,689
Total Expenses	1,285,767	-	1,285,767
Change in Net Assets	88,269	50,000	138,269
Net Assets, Beginning of Year	772,996	100,000	872,996
Net Assets, End of Year	\$ 861,265	\$ 150,000	\$ 1,011,265

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

CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025

	Program Services	Fundraising	General and Administrative	Total Supporting Services	Totals
Contract services	\$ 811,900	\$ 55,837	\$ 46,001	\$ 101,838	\$ 913,738
Contributions	309,168	-	-	-	309,168
Event expenses	270,715	-	-	-	270,715
Cost sharing expenses	52,124	4,269	2,671	6,940	59,064
Financial transaction fees	-	39,085	1,787	40,872	40,872
Meetings and travel	33,890	96	214	310	34,200
Office expenses	28,252	4,110	291	4,401	32,653
Occupancy	3,750	-	-	-	3,750
Totals	\$ 1,509,799	\$ 103,397	\$ 50,964	\$ 154,361	\$ 1,664,160

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

CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Services	Fundraising	General and Administrative	Total Supporting Services	Totals
Contract services	\$ 555,562	\$ 45,011	\$ 37,505	\$ 82,516	\$ 638,078
Contributions	353,475	-	-	-	353,475
Event expenses	148,011	-	-	-	148,011
Cost sharing expenses	53,619	3,916	2,066	5,982	59,601
Financial transaction fees	-	44,239	483	44,722	44,722
Meetings and travel	9,437	60	-	60	9,497
Office expenses	23,294	2,147	262	2,409	25,703
Fines and penalties	3,580	-	-	-	3,580
Occupancy	3,100	-	-	-	3,100
Totals	\$ 1,150,078	\$ 95,373	\$ 40,316	\$ 135,689	\$ 1,285,767

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

**CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 304,744	\$ 138,269
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized gain or loss on investments	5,979	(5,979)
Change in assets and liabilities		
Accounts receivable	3,378	702
Grants receivable	(50,000)	-
Prepaid expenses	4,749	(9,852)
Accounts payable and accrued expenses	26,014	5,308
Deferred revenue	(195,540)	318,740
Net cash provided by operating activities	99,324	447,188
Cash flows used in investing activities		
Purchase of investments	(22,250)	(500,066)
Sale of investments	521,830	487
Net cash used in investing activities	499,580	(499,579)
Net increase/(decrease) in cash and cash equivalents	598,904	(52,391)
Cash and cash equivalents, beginning of year	1,125,424	1,177,815
Cash and cash equivalents, end of year	\$ 1,724,328	\$ 1,125,424

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

**CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024**

1. ORGANIZATION

Chesapeake Climate Action Network Action Fund, Inc. (CCAF) works to effect change in public policy at local, state, and national levels to directly address the threat of global warming. Through voter education, lobbying, and participation in the electoral process, we seek to move our country into a leadership position on the most urgent global issue of our time – the climate crisis. Together with our sister organization, the Chesapeake Climate Action Network (CCAN), we focus most of our efforts in the Chesapeake Bay states of Maryland, Virginia, and the District of Columbia. CCAF’s activities are primarily funded through grants, contributions, program services, and raffle ticket sales.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

CCAF’s financial statements are presented on the accrual basis of accounting, which presents financial position, activities, functional expenses, and cash flows in accordance with accounting principles generally accepted in the United States of America as promulgated by FASB ASC 958, *Not-for-Profit Entities*.

Use of Estimates

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

Revenue Recognition

Grants and contributions are recognized as revenue when received or when a legally binding pledge is communicated, whichever occurs first. CCAF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets to one of CCAF’s programs or to future periods. When a donor restriction is met, that is, when a purpose restriction is accomplished or a time restriction expires, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized.

Continued

CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Raffle income is considered an exchange transaction and is recognized when the raffle drawing occurs. Raffle ticketholders provide cash to CCAF in exchange for the opportunity to win a tangible prize at the drawing date—historically an electric vehicle. Cash received for raffle tickets in advance of the drawing is considered deferred revenue and comprises the balances of deferred revenue for the statements of financial position as of June 30, 2025 and 2024.

CCAF also performs advocacy services that further its mission in the form of contract revenue with various parties. These services are exchange transactions in nature and involve a bundle of services that are recognized ratably over the course of the contract to which the services relate.

Cash and Cash Equivalents

Cash and cash equivalents include bank deposits and funds in transit. For the purpose of the statement of cash flows, CCAF considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Classification of Net Assets

CCAF's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of CCAF's operations.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various purposes or for use in future time periods.

Continued

CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

CCAF maintains its cash balance at two financial institutions. One account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The second account is a brokerage account invested in a cash sweep account with balances fully insured by the FDIC. Management continually monitors its position with, and credit quality of, the financial institutions with which it places its cash and cash equivalents and believes any uninsured amounts are not subject to significant risk.

Functional Allocation of Expenses

The costs of providing CCAF's various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been directly allocated to programs and supporting services based on the nature of the expenses and certain indirect costs have been proportionately allocated among the programs and supporting services benefited based on a percentage of personnel costs across departments and on a cost sharing agreement with CCAN.

Newly Adopted Accounting Pronouncements

During the year ending June 30, 2024, CCAF adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326).). The new standard replaces the previous incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. CCAF has elected the practical expedient which allows an assumption that conditions as of the Statement of Financial Position date will not change for the remaining life of the asset. Additionally, CCAF has made the accounting policy election to consider collection activity after the Statement of Financial Position date when estimating expected credit losses. Adoption of the new standard did not impact CCAF's financial statements.

3. LIQUIDITY

CCAF monitors liquidity required to meet its operating needs and other contractual commitments. The organization's primary source of liquidity at its disposal consists of cash and cash equivalents.

CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

3. LIQUIDITY (continued)

The following table reflects CCAF's financial assets as of June 30, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position dates.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,724,328	\$ 1,125,424
Accounts receivable	1,622	5,000
Grants receivable	50,000	-
Investments	<u>-</u>	<u>505,559</u>
Total financial assets	1,775,950	1,635,983
Less:		
Accounts payable and accrued expenses	(134,038)	(108,024)
Net assets with donor restrictions	<u>(157,638)</u>	<u>(150,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,484,274</u>	<u>\$ 1,377,959</u>

4. INVESTMENTS

Investments at June 30, 2025 and 2024 consisted of the following:

	2025		2024	
	Cost	Market	Cost	Market
Fixed income	\$ -	\$ -	\$ 498,672	\$ 504,231
Cash held for investment	<u>-</u>	<u>-</u>	<u>1,328</u>	<u>1,328</u>
Total investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 505,559</u>

**CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024**

4. INVESTMENTS (continued)

Investment income for the year ended June 30, 2025 and 2024 is summarized as follows:

	<u>2025</u>	<u>2024</u>
Interest	\$ 22,250	\$ 67
Unrealized loss	(5,979)	5,979
Less: investment fees	(2,091)	(487)
Investment income, net	\$ 14,180	\$ 5,559

5. FAIR VALUE MEASUREMENTS

CCAF has implemented Accounting Standards Codification (ASC) 820. ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. ASC 820 uses the following prioritized input levels to measure fair value. The input levels used for valuing investments and cash equivalents 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 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data;

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.

**CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024**

5. FAIR VALUE MEASUREMENTS (continued)

Investments, stated at fair value, consisted of the following at June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ -	\$ -	\$ -	\$ -
Cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investments, stated at fair value, consisted of the following at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 504,231	\$ -	\$ -	\$ 504,231
Cash	<u>1,328</u>	<u>-</u>	<u>-</u>	<u>1,328</u>
Total	<u>\$ 505,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505,559</u>

6. GRANTS RECEIVABLE

Grants receivable represent amounts due from individual donors and foundations. CCAN considers all receivables to be fully collectible. Accordingly, no provision has been made for an allowance for doubtful accounts. Grants receivable as of June 30, 2025 and 2024 are due as follows:

	<u>2025</u>	<u>2024</u>
In one year or less	<u>\$ 50,000</u>	<u>\$ -</u>
Grants receivable	<u>\$ 50,000</u>	<u>\$ -</u>

**CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024**

7. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2025 and 2024, net assets with donor restrictions were subject to the following restrictions:

	<u>2025</u>	<u>2024</u>
Program-restricted	\$ <u>157,638</u>	\$ <u>150,000</u>
Total Net Assets with Donor Restrictions	\$ <u>157,638</u>	\$ <u>150,000</u>

8. PROGRAM SERVICES

Clean Energy: CCAF advocates for the enactment of strong local, state, and federal clean-energy laws and regulations.

Advancing Climate Leaders: We work to elect climate leaders in Maryland, Virginia, and Washington, DC and provide our volunteers with ways to take action.

Climate Education: CCAF educates members of the general public and decision-makers on the impacts of and solutions to climate change.

9. INCOME TAXES

CCAF is classified under Internal Revenue Service code section 501(c)(4) and is exempt from federal income taxes. As of June 30, 2025 and 2024, no provision for income taxes was made as CCAF had no net unrelated business income. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition on the financial statements.

10. RELATED PARTY TRANSACTIONS

CCAF is related to Chesapeake Climate Action Network, Inc. (CCAN), a 501(c)(3) organization. CCAF shares board members and management with CCAN but does not meet the requirements to consolidate due to insufficient control and economic interest.

CHESAPEAKE CLIMATE ACTION NETWORK
ACTION FUND, INC.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

10. RELATED PARTY TRANSACTIONS (continued)

Additionally, CCAN receives revenue from CCAF in the form of staff time and incidental costs incurred in service of CCAF. During the years ended June 30, 2025 and 2024, CCAF recognized \$658,307 and \$603,140 in expenses from a cost-sharing agreement with CCAN, reported as contract services on the accompanying statements of functional expenses. As of June 30, 2025 and 2024, receivables from CCAN totaling \$51,622 and \$0, respectively, are reported as accounts receivable on the accompanying statements of financial position. Payables to CCAN totaling \$64,120 and \$84,250, respectively, are reported as accounts payable in the accompanying statements of financial position.

11. SUBSEQUENT EVENTS

In preparing these financial statements, CCAF has evaluated events and transactions for potential recognition through February 16, 2026 the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.