

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS, INC.

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS

DECEMBER 31, 2025 AND 2024

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS, INC.

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
National Association of State Boating Law Administrators, Inc.
Lexington, Kentucky

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the National Association of State Boating Law Administrators, Inc. (a nonprofit organization, the Association) which comprise the statements of financial position as of December 31, 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 the Association as of December 31, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 issufficient 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.

To the Board of Directors
National Association of State Boating Law Administrators, Inc.
Lexington, Kentucky

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 the 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 and *Government 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 and *Government 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 the 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 the Association's ability to continue as a going concern for a reasonable period of time.

To the Board of Directors
National Association of State Boating Law Administrators, Inc.
Lexington, Kentucky

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2026 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Blue & Co., LLC

Lexington, Kentucky
September 21, 2026

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash	$ 1,175,007	$ 0
Accounts receivable, net of allowance of $28,800 and $44,100, respectively	291,299	579,912
Grants receivable	0	81,464
Prepaid expenses	106,976	97,802
Total current assets	1,573,282	759,178
Property and equipment, net	2,712,588	2,810,615
Restricted cash, agency and custodial funds	185,829	388,542
Total assets	$ 4,471,699	$ 3,958,335
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 61,610	$ 75,767
Accrued liabilities	104,436	72,198
Line-of-credit and current portion of debt	145,767	130,767
Refundable advances	1,037,529	123,934
Deferred revenues	348,923	279,312
Total current liabilities	1,698,265	681,978
Long-term liabilities:		
Long-term debt	1,434,702	1,515,263
Agency and custodial funds	185,829	430,829
Total long-term liabilities	1,620,531	1,946,092
Total liabilities	3,318,796	2,628,070
Net assets:		
Without donor restrictions	1,152,903	1,330,265
Total liabilities and net assets	$ 4,471,699	$ 3,958,335

See accompanying notes to the financial statements.

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS, INC.

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Revenues from services:		
Program service fees	$ 1,957,095	$ 1,842,259
Membership dues	346,420	346,640
Association management	80,201	93,168
Total revenues from services	2,383,716	2,282,067
Other revenues:		
Federal financial assistance	1,065,438	1,413,324
Rental income	295,030	332,345
Sponsorships and contributions	108,510	35,260
Miscellaneous income	17,809	27,918
Total other revenues	1,486,787	1,808,847
Total revenues	3,870,503	4,090,914
Expenses:		
Program services:		
Public policy	1,101,888	1,445,113
Member programs	1,879,994	1,942,036
Government relations	1,949	1,764
Total program services	2,983,831	3,388,913
Supporting services:		
Membership services	39,632	44,037
Management and general	1,024,402	707,914
Total supporting services	1,064,034	751,951
Total expenses	4,047,865	4,140,864
Change in net assets	(177,362)	(49,950)
Net assets, without donor restrictions, beginning of year	1,330,265	1,380,215
Net assets, without donor restrictions, end of year	$ 1,152,903	$ 1,330,265

See accompanying notes to the financial statements.

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025

	Program Services				Supporting Services			
	Public Policy	Member Programs	Government Relations	**Total Program Services**	Membership Services	Management and General	**Total Supporting Services**	**Total**
Salaries and wages	$ 351,926	$ 329,594	$ 0	$ 681,520	$ 12,452	$ 255,462	$ 267,914	$ 949,434
Retirement	12,342	11,834	0	24,176	422	9,067	9,489	33,665
Other employee benefits	82,578	89,597	0	172,175	3,191	79,507	82,698	254,873
Payroll taxes	26,565	23,214	0	49,779	827	15,431	16,258	66,037
Total personnel costs	473,411	454,239	0	927,650	16,892	359,467	376,359	1,304,009
Subcontracts	139,654	543,175	0	682,829	360	95,666	96,026	778,855
Travel	110,626	493,769	1,949	606,344	107	92,224	92,331	698,675
Conferences and events	128,364	224,913	0	353,277	9	51,218	51,227	404,504
Professional services	46,866	28,404	0	75,270	6,624	65,737	72,361	147,631
Supplies	57,279	16,830	0	74,109	2,037	21,572	23,609	97,718
Information technology	39,565	28,576	0	68,141	4,245	36,774	41,019	109,160
Maintenance and other	14,226	3,910	0	18,136	1,955	91,451	93,406	111,542
Depreciation	15,566	4,447	0	20,013	2,224	75,790	78,014	98,027
Printing and publications	33,801	22,642	0	56,443	90	899	989	57,432
Interest expense	10,005	2,859	0	12,864	1,429	63,844	65,273	78,137
Utilities	10,786	3,082	0	13,868	1,541	65,540	67,081	80,949
Other expenses	12,251	38,335	0	50,586	945	1,902	2,847	53,433
Credit loss expense (recovery)	0	0	0	0	0	(15,300)	(15,300)	(15,300)
Insurance	4,840	1,383	0	6,223	692	11,850	12,542	18,765
Postage and shipping	1,277	4,784	0	6,061	15	1,093	1,108	7,169
Dues and subscriptions	1,352	4,108	0	5,460	193	1,930	2,123	7,583
Continuing education	2,019	4,538	0	6,557	274	2,745	3,019	9,576
Total expenses	$ 1,101,888	$ 1,879,994	$ 1,949	$ 2,983,831	$ 39,632	$ 1,024,402	$ 1,064,034	$ 4,047,865

See accompanying notes to the financial statements.

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services				Supporting Services			
	Public Policy	Member Programs	Government Relations	**Total Program Services**	Membership Services	Management and General	**Total Supporting Services**	**Total**
Salaries and wages	$ 481,498	$ 328,660	$ 0	$ 810,158	$ 12,417	$ 124,168	$ 136,585	$ 946,743
Retirement	16,886	11,622	0	28,508	414	4,139	4,553	33,061
Other employee benefits	96,761	66,597	0	163,358	2,372	23,716	26,088	189,446
Payroll taxes	36,346	25,015	0	61,361	891	8,908	9,799	71,160
Total personnel costs	631,491	431,894	0	1,063,385	16,094	160,931	177,025	1,240,410
Subcontracts	250,691	587,668	0	838,359	390	3,905	4,295	842,654
Travel	182,635	446,920	1,764	631,319	97	968	1,065	632,384
Conferences and events	59,021	259,643	0	318,664	10	106	116	318,780
Professional services	68,998	42,268	0	111,266	9,857	98,568	108,425	219,691
Supplies	81,503	23,948	0	105,451	2,899	30,694	33,593	139,044
Information technology	40,671	34,297	0	74,968	5,095	50,952	56,047	131,015
Maintenance and other	14,445	3,970	0	18,415	1,985	92,864	94,849	113,264
Depreciation	15,741	4,497	0	20,238	2,249	76,642	78,891	99,129
Printing and publications	57,787	38,710	0	96,497	154	1,536	1,690	98,187
Interest expense	10,634	3,038	0	13,672	1,519	67,860	69,379	83,051
Utilities	9,972	2,849	0	12,821	1,425	60,592	62,017	74,838
Other expenses	6,483	38,980	0	45,463	961	7,908	8,869	54,332
Credit loss expense	0	0	0	0	0	35,600	35,600	35,600
Insurance	5,647	1,613	0	7,260	807	13,826	14,633	21,893
Postage and shipping	6,124	13,196	0	19,320	41	415	456	19,776
Dues and subscriptions	1,514	4,601	0	6,115	216	2,163	2,379	8,494
Continuing education	1,756	3,944	0	5,700	238	2,384	2,622	8,322
Total expenses	$ 1,445,113	$ 1,942,036	$ 1,764	$ 3,388,913	$ 44,037	$ 707,914	$ 751,951	$ 4,140,864

See accompanying notes to the financial statements.

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ (177,362)	$ (49,950)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	98,027	99,129
Credit loss expense (recovery)	(15,300)	35,600
Changes in operating assets and liabilities:		
Accounts receivable	303,913	(390,409)
Grants receivable	81,464	51,704
Prepaid expenses	(9,174)	(4,028)
Accounts payable	(14,157)	33,426
Accrued liabilities	32,238	(14,284)
Deferred revenues	69,611	46,612
Refundable advances	913,595	94,083
Agency and custodial funds	(245,000)	104,612
Net cash flows from operating activities	1,037,855	6,495
Cash flows from financing activities:		
Proceeds from line of credit	15,000	49,980
Principal payments on loan	(80,561)	(75,332)
Net cash flows from financing activities	(65,561)	(25,352)
Net change in cash and restricted cash	972,294	(18,857)
Cash and restricted cash, beginning of year	388,542	407,399
Cash and restricted cash, end of year	$ 1,360,836	$ 388,542
Supplemental disclosures:		
Cash paid for interest	$ 78,137	$ 83,051
Reconciliation to statement of financial position:		
Cash, non-restricted	$ 1,175,007	$ 0
Restricted cash, agency and custodial funds	185,829	388,542
Total cash and restricted cash	$ 1,360,836	$ 388,542

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of National Association of State Boating Law Administrators, Inc. (NASBLA or the Association) is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of NASBLA's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Description of Organization

The Association is a non-profit organization incorporated under the laws of the Commonwealth of Kentucky on April 11, 1997. Prior to that, NASBLA operated as a non-profit professional association in affiliation with the Council of State Government. NASBLA is a national boating safety education and enforcement advocacy organization with membership consisting of state, commonwealth, and territorial officials having responsibility for administering and enforcing state boating laws within the fifty-six states and territories of the United States of America.

Basis of Accounting

The financial statements of NASBLA have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Use of 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 disclosure 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.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Association are classified and reported as follows:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and used for various program expenses and general operating functions.

There were no net assets with donor restrictions at December 31, 2025 and 2024. Amounts in the notes to financial statements may be rounded. Throughout the footnotes, amounts may be rounded to the nearest thousand.

Expense Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and functional expenses. Direct costs are allocated by project code. Certain expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel expenses, which are allocated on the basis of estimates of time and effort, and office expenses, information technology, occupancy, supplies, other expenses, depreciation, utilities and insurance which are allocated on the basis of personnel. Although the methods used were appropriate, alternative methods may have provided different results.

Accounts Receivable

The Organization records an allowance for credit losses for financial assets carried at amortized cost, which represents the net amount expected to be collected. The allowance for credit losses is based on losses expected to arise over the contractual term of the asset. Assets are written off when the Organization deems the financial assets to be uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, which do not exceed the aggregate of previous write-offs, are included in determining the allowance account. The balance of accounts receivable at December 31, 2023 was $225,000.

Management estimates an allowance for credit losses based on historical experience, the current economic environment, and management's expectations of future economic conditions based on reasonable and supportable forecasts. The Organization also applies adjustments for specific factors and current economic conditions, as needed, at each reporting date.

Management utilizes aging schedules for estimating expected credit losses. In evaluating loss rates, accounts receivable are pooled into categories based on days past due. Significantly aged receivables are evaluated individually by credit worthiness and historical experience with the customers. Account balances are written off against the allowance when management deems the amount is uncollectible.

The following table presents an analysis of the allowance for credit losses for the years ended December 31, 2025 and 2024:

Balance, January 1, 2024	$	9,000
Accruals, 2024		35,000
Balance, December 31, 2024		44,000
Recoveries, 2025		(15,000)
Balance, December 31, 2025	$	29,000

Property and Equipment

Property and equipment is stated at cost, if purchased, and at fair market value on the date of gift, if donated. NASBLA capitalizes all expenditures for property and equipment of $5,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the property and equipment ranging from three to five years. Depreciation expense was $98,000 and $99,000, respectively, for the years ended December 31, 2025 and 2024.

Revenue Recognition

NASBLA derives its revenue primarily from registration fees, special events, federal grants, membership dues, rental income and sponsorships. Registration is generally accounted for as a single unit of account (a single performance obligation), and are not grouped together. Registrations are opened up a few months prior to an event and any amount received by NASBLA prior to an event is recognized as deferred revenues (contract liabilities) on the statements of financial position. Sponsorships for conferences are recognized when the conferences are held and the Association provides recognition to the sponsors as agreed. Sponsorships are not restricted.

The Association occasionally receives government assistance in the form of government grants. The Association evaluates whether these grants are unconditional or conditional based on the absence or presence of barriers and any right of return provisions. Receipt of funds for conditional contributions are recorded as a refundable advance in the statement of financial position until conditions are satisfied. Once satisfied, the refundable advance is released into revenue.

Rental income is recognized as revenue during the period in which the tenants occupy NASBLA's building. As of December 31, 2025, 2024, and 2023 there was no deferred rent.

NASBLA's membership period runs from October 1st through September 30th of the following year. Membership dues are paid for peer networking, educational and professional development opportunities, and advocacy. Payments received in advanced are recognized as deferred revenues (contract liabilities) until the membership period has been satisfied.

Consulting and administrative services are provided for governmental and nonprofit entities whose objectives align with, or are similar to, the tax-exempt mission of NASBLA. Revenue is based on agreed upon rates and recognized as services are performed over time. Amounts owed to NASBLA for services performed are included in accounts receivable, in the accompanying statements of financial position.

Subsequent Events

NASBLA has evaluated all other events or transactions occurring subsequent to the statement of financial position date for recognition and disclosure in the accompanying financial statements September 21, 2026, the date which the financial statements were available to be issued.

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period one year from the date the financial statements were available to be issued.

2. DESCRIPTION OF GRANTS AND PROJECTS

NASBLA's major programs and activities include, along with the administrative activity, various projects, which are primarily funded through federal grants from the U.S. Coast Guard's Boating Safety Financial Assistance Program (the USCG Program).

Standardizing State Recreational Boating Safety Statutes & Regulations: NASBLA & the States

This project partners with the states on providing guidelines for implementation of recreational boating safety (RBS) laws. NASBLA provides support to the states by:

- Maintain records of state laws and provide uniformity boating safety laws.
- Facilitate on-hands coordination with state concerning recreational boating laws through conferences and workshops so boat law administrators can communicate concerns on issues, brainstorm on resolutions and discuss best practices amongst each other.

Boating Under the Influence Detection and Enforcement Training (BUI)

The purpose of this program is to reduce the amount of alcohol-related recreational boating accidents in the United States. NASBLA with collaboration the National District Attorneys Association (NDAA) to develop training modules for preparation of prosecuting defenders for boating under the influence (BUI) cases. As part of the one-year funding through the USCG Program, *Effectively Prosecuting Boating Under the Influence Cases: Enhanced Training for Courtroom Preparation*. NASBLA will coordinate and implement all aspects of BUI training courses for Prosecutors Module.

Boating Incident Investigation (BII)

With continued support from the U.S. Coast Guard, the BII program to help improve states efforts in reliable boating incident reporting and data collection including Global Positioning System tracking training. This program helps trains marine law enforcement officers to recognize the root causes of boating accidents.

National Boating Education Standards

The purpose of the project is to develop American National Standards for recreational boating education that courses are uniformed throughout the United States and territories to enhance safer boating behavior. The project allows for public through software system to suggest changes to the standards and comment on proposing changes.

Operation Dry Water

The purpose of the program is to coordinate awareness of boating under the influence (BUI) detection and prevention through Independence Day weekend. During the national holiday weekend, law enforcement will heighten their surveillance of waterways for boaters handling boating vessels under the influence and removing and educating the individuals of the danger of handling boating vessels under the influence.

Boating Collision & Video Documentation

With support from the U.S. Coast Guard, the states and NASBLA will continue to improve the reliability of incident reporting and data collection. This project stages collision and have marine units, reconstruction teams and investigators to examine the vessels for deterioration from the collision.

Boat Occupant Injury Surveillance Tier 3: Testing and Refinement of Technical Solutions & Surveillance Recommendation

The purpose of this project is built on two prior tiers and commence the final tier on three-tiered initiative to focus on public health after boating incident. Based on the recommendations in the prior tier reports, this project will focus on three key areas of the recommendations such as data access, data linkages and partnerships. Working with selected state partners, NASBLA would evaluate the findings and refine the recommendations for broader public usage in the field.

3. CONCENTRATIONS

NASBLA received approximately 27% and 35% of its annual revenue from grants provided by the USCG Program for the years ended December 31, 2025 and 2024.

NASBLA has a concentration of credit risk in that it periodically maintains cash deposits in a single financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2025 and 2024, NASBLA had uninsured cash balances of $222,000 and $211,000. NASBLA has not experienced any losses on such accounts and does not believe that it is subject to significant risk related to the accounts.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2025	2024
Software	$ 144,000	$ 144,000
Office furniture and equipment	158,000	158,000
Building	2,619,000	2,619,000
Land	565,000	565,000
Trademark	25,000	25,000
Total	3,511,000	3,511,000
Less: accumulated depreciation	798,000	700,000
Property and equipment, net	$ 2,713,000	$ 2,811,000

5. CONTRACT LIABILITIES (DEFERRED REVENUES)

Contract liabilities are reflected as deferred revenue in the accompanying statements of financial position. The following table provides information about significant changes in contract liabilities for the years ended December 31:

	2025	2024
Deferred revenue, beginning of year	$ 279,000	$ 335,000
Revenue recognized during the year	(2,679,000)	(2,614,000)
Increase due to cash received during the year	2,749,000	2,558,000
Deferred revenue, end of year	$ 349,000	$ 279,000

Deferred revenue consists of the following at December 31:

	2025	2024
Prepaid memberships	$ 300,000	$ 279,000
Prepaid registrations	49,000	0
	$ 349,000	$ 279,000

6. AGENCY AND CUSTODIAL FUNDS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities - Transfers of Assets to a Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others,* identifies certain situations when an organization does not record contribution revenue when it receives funds. Instead, the recipient organization records an asset and a liability. These situations include transactions where the Association receives funds as an agent, trustee, or intermediary.

NASBLA has entered into agreements with the following organizations to act as an agent. NASBLA is responsible for receiving and depositing funds, as well as writing checks on behalf of the organizations. Transactions made on behalf of the organizations are not included in NASBLA's statement of activities.

Life Jacket Association (Life Jacket)
Texas Parks and Wildlife Department (TPWD)
Illinois Travel Account Funds (ILTA)
Western States Boating Administration Association (WSBAA)
States Organization for Boating Access (SOBA)
Paddlesports Trade Coalition (PTC)

NASBLA has entered into a Memorandum of Understanding (MOU) and took control of the cash assets of Southern States Boating Law Administrators Association (SSBLAA) upon dissolution of the corporation. The former corporation is now a caucus under NASBLA referred to as the Southern Caucus. In accordance with the MOU, NASBLA is to hold and disburse the assets as directed by the caucus until all funds are expended.

NASBLA has entered into an MOU and took control of the cash assets of Northern Association of Boating Administrators (NABA) upon dissolution of the corporation. The former corporation is now a caucus under NASBLA referred to as the Northern Caucus. In accordance with the MOU, NASBLA is to hold and disburse the assets as directed by the caucus until all funds are expended.

Agency and custodial funds consist of the following at December 31:

	2025	2024
Life Jacket	$ 0	$ 221,000
SOBA	0	70,000
TPWD	55,000	63,000
WSBAA	63,000	60,000
NABA	26,000	28,000
ILTA	52,000	17,000
SSBLAA	10,000	10,000
PTC	(20,000)	(38,000)
	$ 186,000	$ 431,000

As of December 31, 2024, the liability for agency and custodial funds exceeded NASBLA's total cash balances by $42,000. During 2025, this deficit was recovered.

7. LEASES

In 2025 NASBLA maintained lease agreements with tenants for office space in a building. The agreements were for varying term lengths. At December 31, 2025 there was one noncancelable lease agreement with a term of more than twelve months. The lease commenced in March 2024, has an initial term of 36 months, and is renewable for up to six years at the option of the tenant. It is not known if the tenant will elect to extend the lease. The cost of the building and land leased by NASBLA is $3,184,000 and $3,184,000 with accumulated depreciation of $409,000 and $327,000 at December 31, 2025 and 2024, respectively. Rental income for the years ended December 31, 2025 and 2024 totaled $295,000 and $332,000, respectively. Future minimum rental payments are as follows for the years ended December 31:

2026	$ 57,000
2027	9,000
	$ 66,000

8. DEBT

On September 24, 2019, NASBLA purchased a building in Lexington, Kentucky and entered into a mortgage loan with the intent to occupy the space the following year. Monthly required payments on the loan are $13,000, including interest and principal. The note has a fixed interest rate of 4.99% and a maturity date of September 2029. The loan is collateralized by building and land with a carrying amount of $2,775,000 and $2,857,000 at December 31, 2025 and 2024, respectively.

NASBLA has a $50,000 line of credit available, bearing interest at prime plus 2%. It is secured by substantially all assets of NASBLA and has no specified maturity date. The prime rate at December 31, 2025 was 6.75%. Outstanding borrowings were $50,000 and $50,000, respectively, at December 31, 2025 or 2024.

Scheduled principal payments for the next five years are as follows:

2026	$ 85,000
2027	89,000
2028	94,000
2029	1,312,000
	$ 1,580,000

9. RETIREMENT PLAN

NASBLA maintains a 401(k) Plan covering all eligible employees. All employees are eligible to participate in the plan. Employees can elect to make salary reduction contributions not to exceed Internal Revenue Service limits. NASBLA will provide matching contributions based on approval of the board. NASBLA matches up to 3% of the eligible compensation and contributed $33,000 and $37,000 to the plan during the years ended December 31, 2025 and 2024, respectively.

10. INCOME TAXES

NASBLA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). However, income from certain activities not directly related to NASBLA's tax-exempt purpose is subject to taxation as unrelated business income. In addition, NASBLA has been determined by the Internal Revenue Service not to be a private foundation within the context of Section 509(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by NASBLA and recognize a tax liability if NASBLA has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by NASBLA, and has concluded that as of December 31, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

NASBLA has filed its federal income tax returns for periods through December 31, 2024. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions). NASBLA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The majority of the Association's non-restricted support is derived from program service fees, memberships, and sponsorships. The following reflects the Association's financial assets available within one year of December 31:

	2025	2024
Cash	$ 1,175,000	$ 0
Accounts receivable	291,000	580,000
Liability for agency and custodial funds in excess of cash	0	(42,000)
	$ 1,466,000	$ 538,000

The Association's structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Grantor, Passthrough Grantor, Program Title	Federal Assistance Listing (AL) Number	Total Awards	Total Federal Expenditures	Subrecipient Expenditures
U.S. Department of Homeland Security				
Direct award:				
United States Coast Guard Boating Safety Financial Assistance	97.012	$ 5,340,974	$ 1,065,438	$ 0

See report of independent auditors and accompanying notes to the Schedule of Expenditures of Federal Awards.

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2025

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the National Association of State Boating Law Administrators, Inc. (NASBLA) under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of NASBLA, it is not intended to be and does not present the financial position, changes in net assets or cash flows of NASBLA. NASBLA did not elect to use the 10% de minimis indirect cost rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

2) For 2024-2026, NASBLA has a negotiated indirect cost agreement for 24.64%.

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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
National Association of State Boating Law Administrators, Inc.
Lexington, Kentucky

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Association of State Boating Law Administrators, Inc. (a nonprofit organization, NASBLA) 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, and have issued our report thereon dated September 21, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NASBLA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NASBLA's internal control. Accordingly, we do not express an opinion on the effectiveness of NASBLA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of NASBLA's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Directors
National Association of State Boating Law Administrators, Inc.
Lexington, Kentucky

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NASBLA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NASBLA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NASBLA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Lexington, Kentucky
September 21, 2026

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
National Association of State Boating Law Administrators, Inc.
Lexington, Kentucky

Report on Compliance for Each Major Program

Opinion on Each Major Federal Program

We have audited National Association of State Boating Law Administrators, Inc.'s ("NASBLA") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of NASBLA's major federal programs for the year ended December 31, 2025. NASBLA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, NASBLA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NASBLA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of NASBLA's compliance with the compliance requirements referred to above.

To the Board of Directors
National Association of State Boating Law Administrators, Inc.
Lexington, Kentucky

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NASBLA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NASBLA's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about NASBLA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 NASBLA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of NASBLA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NASBLA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

To the Board of Directors
National Association of State Boating Law Administrators, Inc.
Lexington, Kentucky

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blue & Co., LLC

Lexington, Kentucky
September 21, 2026

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal Control over financial reporting:

Material weakness(es) identified?	_____ yes	✓ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	✓ none reported
Noncompliance material to financial statements noted?	_____ yes	✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ yes	✓ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	✓ none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ yes	✓ no

Identification of major programs:

AL Number	Name of Federal Program or Cluster
97.012	U.S. Department of Homeland Security, United States Coast Guard Boating Safety Financial Assistance

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025

Dollar threshold used to distinguish between type A and Type B programs:	$1,000,000
Auditee qualified as low-risk auditee?	✓ yes _____ no

Section II - Financial Statement Findings

No findings were reported.

Section III - Federal Award Findings and Questioned Costs

No findings were reported.

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND THEIR RESOLUTIONS
YEAR ENDED DECEMBER 31, 2025

No findings or questioned costs were reported for the year ended December 31, 2024.