MARYLAND AGRICULTURAL
AND RESOURCE-BASED
INDUSTRY DEVELOPMENT CORPORATION

BASIC FINANCIAL
STATEMENTS

JUNE 30, 2025

MARYLAND AGRICULTURAL AND RESOURCE-BASED INDUSTRY DEVELOPMENT CORPORATION
JUNE 30, 2025
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the
Maryland Agricultural and Resource-Based
Industry Development Corporation
Annapolis, Maryland

Opinion

We have audited the accompanying financial statements of the Maryland Agricultural and Resource-Based Industry Development Corporation ("MARBIDCO"), which comprise the statement of net position as of June 30, 2025, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 MARBIDCO’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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025 on our consideration of MARBIDCO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 MARBIDCO's internal control over financial reporting and compliance.

Lindsey & Associates, LLC

September 30, 2025

Overview of the Financial Statements and Financial Analysis

This discussion and analysis of the Maryland Agricultural and Resource-Based Industry Development Corporation's ("MARBIDCO") financial performance provides an overview of MARBIDCO's financial activities for the year ended June 30, 2025, with the fiscal year 2024 data presented for comparative purposes. Please read it in conjunction with MARBIDCO's basic financial statements, beginning on page 9.

Financial Highlights

MARBIDCO's net position increased from $63 million for the year ended June 30, 2024, to $68 million for the year ended June 30, 2025. Revenues as disclosed on the schedules of Revenues, Expenses and Changes in net Position on page 6, decreased from $18.1 million for the year ended June 30, 2024 to $10 million for the year ended June 30, 2025. The decrease was mainly due to a $11.2 million decrease in State appropriations. There was a $1.4 million increase in regional and local grants and a $0.20 million increase in interest income on loans receivable as well as a $0.51 million increase in interest on investments. MARBIDCO's expenses increased from $4.39 million for the year ended June 30, 2024 to $4.62 million for the year ended June 30, 2025. The increase was mainly due to a $0.10 million increase in Operating Expenses and a $0.13 million increase in Easement Purchases.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of MARBIDCO as of the end of the fiscal year. This statement reflects a "point-of-time" financial picture. The purpose of the Statement of Net Position is to present to the readers a fiscal "snapshot" of MARBIDCO. The Statement of Net Position helps answer the question "is MARBIDCO as a whole financially better off or worse off as a result of the year's activities?" When revenues exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenue and expenses may be thought of as MARBIDCO's operating results.

Net position is divided into three major categories. The first category, net investment in capital assets, provides MARBIDCO's equity in capital assets owned by MARBIDCO. The second category is restricted net position for programs that have received special funds from third party entities for designated purposes. The third category is unrestricted net position, which is available to MARBIDCO for any lawful purpose of MARBIDCO.

Total net position as presented on the Statement of Net Position is based on activity presented in the Statement of Revenue, Expenses, and Changes in Net Position. The purpose of this statement is to present the revenue received by MARBIDCO, both operating and non-operating; the expenses paid by MARBIDCO, both operating and non-operating; and any other revenue, expenses, gains and losses received or spent by MARBIDCO.

The last statement presented is the Statement of Cash Flows. It presents detailed information about the activities involving cash and cash equivalents.

MARYLAND AGRICULTURAL AND RESOURCE-BASED INDUSTRY DEVELOPMENT CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

Condensed Financial Information

Schedules of Net Position

	2025	2024	Variance
CURRENT ASSETS			
Cash and cash equivalents	$ 21,131,398	$ 26,630,364	$ (5,498,966)
Investments	7,417,062	-	7,417,062
Accounts receivable	3,250	325	2,925
Current portion of loans receivable	3,525,200	4,072,043	(546,843)
Accrued interest receivable	304,900	229,759	75,141
Other assets	9,187	9,058	129
Total current assets	32,390,997	30,941,549	1,449,448
NONCURRENT ASSETS			
Loans receivable, net of current portion and allowance of $1,397,119 and $1,132,642 for 2025 and 2024, respectively	35,844,031	32,210,380	3,633,651
Net capital assets	11,112	16,086	(4,974)
Total noncurrent assets	35,855,143	32,226,466	3,628,677
TOTAL ASSETS	68,246,140	63,168,015	5,078,125
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 68,246,140	$ 63,168,015	$ 5,078,125
CURRENT LIABILITIES			
Accrued expenses	141,215	127,703	13,512
Other liabilities	-	-	-
Total Current Liabilities	141,215	127,703	13,512
NONCURRENT LIABILITIES			
Other liabilities	3,306	3,306	-
Total Non-Current Liabilities	3,306	3,306	-
TOTAL LIABILITIES	144,521	131,009	13,512
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	11,112	16,086	(4,974)
Restricted	5,332,037	2,656,372	2,675,665
Unrestricted	62,758,470	60,364,548	2,393,922
TOTAL NET POSITION	68,101,619	63,037,006	5,064,613
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 68,246,140	$ 63,168,015	$ 5,078,125

MARYLAND AGRICULTURAL AND RESOURCE-BASED INDUSTRY DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Condensed Financial Information

Schedules of Revenues, Expenses and Changes in Net Position

	2025	2024	Variance
Operating Revenues			
Interest income on loans receivable	$ 1,689,847	$ 1,480,001	$ 209,846
Program revenue	186,067	269,255	(83,188)
Total Operating Revenues	1,875,914	1,749,256	126,658
Operating Expenses			
Grants	1,228,725	1,242,091	(13,366)
Administrative	304,383	299,167	5,216
Salaries and benefits	1,349,533	1,239,011	110,522
Depreciation	4,974	6,317	(1,343)
Total Operating Expenses	2,887,615	2,786,586	101,029
Net operating loss before provision for loan losses	(1,011,701)	(1,037,330)	25,629
Provision for loan losses	(370,006)	(73,806)	(296,200)
Net operating loss	(1,381,707)	(1,111,136)	(270,571)
Non-Operating Revenues/Expenses			
State appropriations (core programs and easement options)	3,995,000	15,235,000	(11,240,000)
Federal, regional, and local grants	1,702,450	230,000	1,472,450
Easement option repayments	1,928,903	876,547	1,052,356
Easement option purchases	(1,624,699)	(1,607,614)	(17,085)
Easement purchases	(112,920)	-	(112,920)
Interest on investments	554,284	41,298	512,986
Other revenue	3,302	3,082	220
Total Non-Operating Revenues/Expenses	6,446,320	14,778,313	(8,331,993)
Change in Net Position	5,064,613	13,667,177	(8,602,564)
Net Position, beginning of the year	63,037,006	49,369,829	13,667,177
Net Position, end of the year	$ 68,101,619	$ 63,037,006	$ 5,064,613

Mission and Organizational Structure

MARBIDCO is a quasi-governmental corporation with a mission to promote the viability and profitability of Maryland's agriculture, forestry and seafood industries through specialized economic development assistance programming. A by-product of MARBIDCO's work is to aid in the retention of rural working farm and forest lands in the State which have been disappearing at an alarming rate.

MARBIDCO is broadly authorized to: 1) develop agriculture industries and markets; 2) support the appropriate commercialization of agricultural processes and technologies; 3) assist with rural land preservation efforts; and 4) alleviate the shortage of nontraditional capital and credit available at affordable interest rates for investment in agricultural and resource-based businesses. MARBIDCO received its first State appropriation in fiscal year 2007 and formally began offering services in the spring of 2007.

MARBIDCO is governed by a Board of Directors that consists of 17 individuals representing appropriate government agencies, food and fiber producers and processors, commercial lenders, and public finance and economic development professionals. The public sector members of MARBIDCO's Board include University of Maryland Extension, the Rural Maryland Council, the Maryland Food Center Authority, the Maryland Department of Agriculture, the Maryland Department of Natural Resources, and the Maryland Department of Commerce. From the private sector, the Governor has appointed 11 members representing agricultural, forestry, and seafood industries as well as experts in food processing, commercial finance, and rural economic development.

Capital Additions

There were no capital additions this fiscal year.

Economic Outlook

MARBIDCO's demand for new agribusiness loans was at an all-time high in fiscal years 2022 and 2023, but it softened somewhat over the preceding year as sustained inflationary pressures and low commodity prices have negatively impacted the agricultural economy, both nationally and locally. Drought conditions also impacted agricultural production in certain areas of Maryland last year. The forestry and seafood sectors have also experienced some market demand challenges, and the outlook for them is at best neutral. The Federal Reserve has signaled that it plans to cut its overnight interest rates over the next several months which will help to bolster economic activity broadly, and some modest growth is expected in regional livestock markets as national cattle markets experience supply shortages. This, coupled with some accelerating farm ownership transfer demand, can reasonably be expected to increase MARBIDCO loan demand over the next year. The credit quality of the existing loan portfolio remains relatively good. MARBIDCO is not aware of any facts, decisions or conditions that will have a significant negative impact on its financial condition during the upcoming fiscal year, except with respect to the fact that the State Government is expected to face significant budgetary pressures next year (and going forward). MARBIDCO' s ability to make new loans, non-recoverable financial outlays for incentive grants, and farmland conservation easement purchases substantially correlates to its ability to maintain a solid capital base as well as receive State appropriations for certain specialty and easement purchase financial programs. MARBIDCO will continue to monitor and closely watch expenses to the best of its ability.

Contacting MARBIDCO's Financial Management

This financial report is designed to provide Maryland citizens and taxpayers, and our customers, clients and creditors with a general overview of the finances of MARBIDCO. If you have questions about this report or need additional financial information, please contact: Maryland Agricultural and Resource-Based Industry Development Corporation, 1410 Forest Drive, Suite 21, Annapolis, MD 21403.

MARYLAND AGRICULTURAL AND RESOURCE-BASED INDUSTRY DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS		
Current Assets		
Cash and cash equivalents - unrestricted	$	21,131,398
Investments		7,417,062
Accounts receivable		3,250
Current portion of loans receivable		3,525,200
Accrued interest receivable		304,900
Other assets		9,187
Total Current Assets		32,390,997
Noncurrent Assets		
Loans receivable, net of current portion and allowance of $1,397,119		35,844,031
Net capital assets		11,112
Total Noncurrent Assets		35,855,143
TOTAL ASSETS		68,246,140
DEFERRED OUTFLOWS OF RESOURCES		-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	68,246,140
LIABILITIES		
Current Liabilities		
Accrued expenses	$	141,215
Total Current Liabilities		141,215
Non-Current Liabilities		
Other liabilities		3,306
Total Non-Current Liabilities		3,306
TOTAL LIABILITIES		144,521
DEFERRED INFLOWS OF RESOURCES		-
NET POSITION		
Net investment in capital assets		11,112
Restricted		5,332,037
Unrestricted		62,758,470
TOTAL NET POSITION		68,101,619
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	68,246,140

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

MARYLAND AGRICULTURAL AND RESOURCE-BASED INDUSTRY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Operating Revenues	
Interest income on loans receivable	$ 1,689,847
Program revenue	186,067
Total Operating Revenues	1,875,914
Operating Expenses	
Grants	1,228,725
Administrative	304,383
Salaries and benefits	1,349,533
Depreciation	4,974
Total Operating Expenses	2,887,615
Net operating loss before provision for loan losses	(1,011,701)
Provision for loan loss	(370,006)
Net operating loss	(1,381,707)
Non-Operating Revenues (Expenses)	
State appropriation (core programs and easement options)	3,995,000
Federal, regional, and local grants	1,702,450
Interest on investments	554,284
Easement option repayments	1,928,903
Easement option purchases	(1,624,699)
Easement purchases	(112,920)
Other revenue	3,302
Total Non-Operating Revenues (Expenses)	6,446,320
Change in Net Position	5,064,613
Net Position, beginning of the year	63,037,006
Net Position, end of the year	$ 68,101,619

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

MARYLAND AGRICULTURAL AND RESOURCE-BASED
INDUSTRY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

Cash flows from operating activities	
Cash received from interest and fees on loans	$ 1,611,652
Cash received from program fees	186,067
Cash paid for operating expenses	(1,640,404)
Cash paid for grant expenses	(1,228,725)
Net cash provided (used) by operating activities	(1,071,410)
Cash flows from capital and related financing activities	
Purchase of capital assets	-
Net cash provided (used) by capital and related financing activities	-
Cash flows from non-capital financing activities	
State appropriations	3,995,000
Federal, regional, and local grants	1,702,450
Cash paid for easement options	(1,624,699)
Easement option repayments	1,928,903
Easement purchases	(112,920)
Other revenue	3,302
Net cash provided by non-capital financing activities	5,892,036
Cash flows from investing activities	
Principal receipts on loans	3,992,327
Purchase of investments	(7,417,062)
Interest on investments	554,284
Provision for loan loss	(370,006)
Investments in loans	(7,079,135)
Net cash provided by investing activities	(10,319,592)
Net increase (decrease) in cash and cash equivalents	(5,498,966)
Cash and cash equivalents at beginning of year	26,630,364
Cash and cash equivalents at end of year	$ 21,131,398
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (1,381,707)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	4,974
Provision for loan loss	370,006
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	(2,925)
Decrease (increase) in accrued interest receivable	(75,141)
Decrease (increase) in other assets	(129)
Increase (decrease) in accrued expenses	13,512
Cash provided (used) by operating activities	$ (1,071,410)

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

NOTE 1 – ORGANIZATIONAL STRUCTURE AND SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Maryland Agricultural and Resource-Based Industry Development Corporation ("MARBIDCO") was established to operate The Maryland Resource-Based Industry Financing Fund, The Agri-Business Equipment and Working Capital Fund, and other targeted or industry-specific loan programs. The programs are primarily designed to offer low interest loans to agricultural and resource-based industry firms to purchase land, capital equipment and technology. MARBIDCO also provides grants to improve the financial viability of producers and processors and to assist with business diversification and expansion activities. Since FY 2018, MARBIDCO has administered the Next Generation Farmland Acquisition Program to help transfer ownership of farmland to beginning farmers and facilitate farmland conservation easement option purchases. In FY 2020, the Small Acreage Next Generation Farmland Acquisition Program was established as an offshoot of MARBIDCO's original Next Generation Farmland Acquisition Program to help qualified beginning farmers to purchase smaller properties by simultaneously purchasing permanent agriculture easements.

MARBIDCO was established by Senate Bill 589, Rural Maryland – Agricultural and Resource-Based Industry Development Act, in 2004. MARBIDCO began operations in December 2006 and opened an office in May 2007.

In evaluating how to define MARBIDCO, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set by the Governmental Accounting Standards Board. Component units are legally separate organizations for which the officials of MARBIDCO are financially accountable and a financial benefit or burden relationship exists. In addition, component units can be other organizations for which the nature and significance of their relationship with MARBIDCO are such that exclusion would cause MARBIDCO's financial statements to be misleading. Based upon the application of criteria set by the Governmental Accounting Standards Board, there are no separate component units of MARBIDCO.

The accounting and financial reporting policies of MARBIDCO conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant policies.

Basis of Presentation

MARBIDCO's accounts are organized as an enterprise fund. The operations are accounted for with a set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Enterprise funds are used to account for operations that provide a service to the public financed by charges to users of that service and activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes. MARBIDCO's enterprise fund is accounted for on the flow of economic resources measurement focus. Accounting records are maintained on the accrual basis of accounting, under which revenues are recorded when they are earned and expenses are recorded when the corresponding liabilities are incurred.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents – MARBIDCO's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents are stated at cost, which approximates market.

Investments – MARBIDCO's investments, if any, are stated at fair value. The fair value of investments is based on quoted market prices. Short-term investments are valued at cost, which approximates fair value. MARBIDCO may invest in bank certificates of deposit which are covered by federal depository insurance and money market funds.

Accounts Receivable – Accounts receivable include state appropriations and other loan fees. Accounts receivable is deemed collectible in full and the allowance for doubtful accounts at June 30, 2025, is $3,250.

Capital Assets and Depreciation – General capital assets are long-lived assets of MARBIDCO as a whole. Capital assets consist of property and equipment which are stated at cost. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. MARBIDCO follows the practice of capitalizing all expenditures for fixed assets in excess of $1,000. Purchased capital assets are stated at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Depreciation on capital assets is charged as an expense over their estimated service lives, which range from three to seven years, using the straight-line method.

Real Estate Owned – Real estate owned represents real estate acquired through foreclosures. Real estate owned is recorded at the lower of the investment in the loan or the estimated net realizable value.

Compensated Absences – It is MARBIDCO's policy to allow employees to carry over unused vacation leave as earned. Employees may carry over 50 days into the next fiscal year.

Income Tax Status – MARBIDCO is exempt from federal and state income taxes as it is essentially a political subdivision of the State.

State Appropriation – Funds received from State appropriations are recorded as revenue and funds paid to the State are recorded as expenses.

Special Grants – Funds received from public or private entities to help capitalize special revolving loan funds are recorded as revenue.

Interest Income – Interest income on cash and cash equivalents is recorded when earned.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – continued

Allowance for Loan Losses and Conditional Loan Principal Forgiveness Feature

The allowance for loan losses is a reserve account for possible future loan losses. Loan losses and recoveries of previously charged-off loans are charged or credited directly to the allowance account. Management's periodic evaluation of the adequacy of the allowance is based on known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, current economic conditions, historical losses, and delinquency rates. In addition, some MARBIDCO specialty lending loan programs offer an incentive which allows a portion of the loan principal amount to be forgiven when certain performance-related conditions are met. At June 30, 2025, the allowance for loan losses was $1,031,060 and the conditional loan principal forgiveness balance was $366,060.

Equity Classifications

Equity is classified as net position and is displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings, and reduced or increased by deferred inflows and outflows attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Consists of assets with constraints placed on their use either by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation, reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position – all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, the decision as to which assets are used first is left to the discretion of MARBIDCO.

Revenue and Expenses

MARBIDCO distinguishes operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering financing in connection with a proprietary activity's principal ongoing operations. Operating revenues include interest income of loans receivable and other program revenues, since they constitute MARBIDCO's ongoing operations. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that were used.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Likewise, a deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

As of June 30, 2025, the balance of deferred inflows of resources is $0, and the balance of deferred outflows of resources is $0.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposit Policies

According to statute, MARBIDCO maintains its cash balances in federally insured banking institutions. MARBIDCO’s deposits are insured by FDIC or are collateralized with securities held by the pledging financial institution’s trust department or agent in the name of MARBIDCO.

Custodial credit risk for deposits is the risk that in the event of a bank failure MARBIDCO’s deposits may not be returned or MARBIDCO will not be able to recover collateral securities in the possession of an outside party. The Maryland Agricultural and Resource-Based Industry Development Act requires that cash deposits and Certificates of Deposit either be issued or collateralized by obligations of the State or the United States of America. At year-end, the carrying amounts of MARBIDCO’s deposits were $21,131,398 and the bank balances totaled $21,190,517. At year end, the Corporations bank balances were not exposed to any custodial credit risk because all deposits were fully collateralized or insured by Federal Depository Insurance Corporation (FDIC).

NOTE 2 – DEPOSITS AND INVESTMENTS - continued

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. MARBIDCO's policy provides that investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs of the programs, taking into account routine expenditures as well as considering anticipated revenue. Investment maturities do not exceed nine months at June 30, 2025.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of MARBIDCO's investment in a single issuer.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, MARBIDCO will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The Maryland Agricultural and Resource-Based Industry Development Act requires that cash deposits and Certificates of Deposit either be issued or collateralized by obligations of the State or the United States of America.

Generally, MARBIDCO's investing activities are managed by MARBIDCO's executive director. Statutes authorize MARBIDCO to invest in obligations of the U.S. Treasury and Federal Government agencies, bankers' acceptances, repurchase agreements and certificates of deposit, the State Treasurer's Investment Pool, commercial paper, and mutual funds dealing in government securities.

Investments

At June 30, 2025, MARBIDCO had $7,417,062 invested in certificate of deposits.

NOTE 3 – LOANS RECEIVABLE

The Maryland Resource-Based Industry Financing Fund offers low-interest loans to agricultural/RBI-industry enterprises to purchase land and capital equipment for production and processing activities. The program provides either direct or participation loans. The direct loan program offers loans between 20% and 40% of the project with loan amounts typically between $300,000 and $1,000,000. The terms are between 5 and 30 years (typically with a 15-year balloon for land purchases) and interest rates between 4.75% to 5.75%. The participation program offers loan between 30% and 49% of the project with loan amounts between $350,000 and $1,000,000. The terms are aligned with partnering lender (including mandatory 15-year balloon repayment if amortization periods are longer). The interest rate is 4.25% (and the partnering lender can charge up to 0.75% loan service fee).

MARBIDCO also independently makes smaller loans for working capital and equipment purchases. The loans have amortization periods that do not typically exceed 15 years and bear interest at rates ranging from 4.75% to 6.75% depending on the nature of the loan and the program from which the loan was funded.

In October 2010, MARBIDCO entered into an agreement with the State of Maryland Department of Natural Resources (DNR) to oversee the Maryland Shellfish Aquaculture Financing Fund and Program. The program was established to help make affordable financing available to those wishing to start or expand a shellfish aquaculture business. Loan terms range from 3 to 7 years with the first through third year being interest only. If the borrowers are in good standing on making their payments and implementing their production plans after the interest only period, 25% of the amount of the loan will be forgiven (40% for first time borrowers).

In March 2012, MARBIDCO entered into an agreement with the DNR to assist in the development, administration, and implementation of the Maryland Shellfish Remote Setting Aquaculture Financing Program. This program is instrumental in making affordable financing available to commercial watermen, individuals and other businesses proposing to begin new or expand established remote setting shellfish aquaculture businesses. Loan terms are normally for five or six years, and all borrowers are required to make loan repayments on a quarterly basis. During the first year of the term of the loan agreement, modest interest-only payments are required; thereafter, regular amortizing loan payments are due with the final year of loan payments forgiven for borrowers who are in good standing on making their payments and implementing their production plans. This effectively results in a grant to the borrower of between 22% and 27% of the principal amount of the loan.

NOTE 3 – LOANS RECEIVABLE – continued

In June 2017, MARBIDCO entered into an agreement with Tri-County Council for Southern Maryland to implement and oversee a Southern Maryland Revolving Loan Fund for Agricultural Producers in Anne Arundel County, Calvert County, Charles County, Prince George's County, and St. Mary's County. This program was established to provide low-cost loans for the purchase of livestock, (including shellfish aquaculture), the production of small fruits and upgrades for safe growing, harvesting, packing, and holding of produce in conformance with Good Agricultural Practices (GAP) and the Food Safety Modernization Act (FSMA). The loan terms range from 1 to 5 years and start with an interest-only period. There is a forgiveness incentive for borrowers that are in good standing which results in forgiveness of the final 25% of payments of principal and interest.

In July 2022, MARBIDCO launched the Maryland Watermen's Microloan Program with funds provided by the State of Maryland as required by legislation establishing the program. The program offers unsecured loans of between $7,000 and $40,000 in size to assist qualifying commercial watermen with purchasing needed equipment and boat repairs. These loans have terms of four years, and there is a debt forgiveness incentive for borrowers that are in good standing which is expected to result in the forgiveness of the final year of loan repayments.

In the Fall of 2023, MARBIDCO launched the Maryland Oyster Shucking House Loan Program with funds provided by the State of Maryland. The program offers loans from $25,000 to $250,000 (which is dependent upon the number of full-time jobs being created or retained). The program assists in financing the cost of eligible seafood processing projects, including historic oyster shucking facilities and to facilitate an increase in the amount of oyster shells retained in the State and Returned to the Chesapeake Bay. Loan terms correspond to the useful life of the assets being financed and the interest rate is 3.25%. There is a debt forgiveness feature, certified by the Maryland Department of Natural Resources for bushels of oyster shell returned to DNR or to public fishery oyster bars.

In 2024, MARBIDCO established the Maryland Large Animal Veterinarian Assistance Loan Program to help attract and/or retain animal veterinarians in Maryland. The program offers loans between $25,000 and $100,000 to purchase a truck or other specialized equipment necessary for providing large animal veterinary care services. These loans have terms between 3 and 5 years with an interest rate of 4.00%.

NOTE 3 – LOANS RECEIVABLE – continued

As of June 30, 2025, the outstanding balance of loans receivable was as follows:

	Current Loan Balance
MRBIFF	$ 35,095,158
MRBIFF - Participation	2,437,942
So. MD Ag Revolving Loan	45,056
Agri-Business Equip & WC Loan	1,242,047
Forestry Equip & WC Loan	36,852
Vineyard Planting Loan	269,445
Energy Efficiency Loan	4,149
Remote Setting Aqua Loan	64,026
Shellfish Aqua Loan	885,432
Watermen's Micro Loan	481,769
Oyster Shucking House Loan	186,475
Large Animal Veterinary Loan	18,000
	40,766,351
Allowance for loan losses	(1,397,120)
Total	$ 39,369,231
Current	$ 3,525,200
Long-term net of allowance	35,844,031

A summary of the changes in the allowance for loan losses for the year ended June 30, 2025 is as follows:

Balance, beginning of year	$ 1,132,642
Provision charged to operations	370,006
Loan forgiveness	(105,528)
Balance, end of year	$ 1,397,120

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for governmental funds for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Furniture and equipment	$ 110,439	$ -	$ -	$ 110,439
Accumulated Depreciation	(94,353)	(4,974)	-	(99,327)
Net capital assets	$ 16,086	$ (4,974)	$ -	$ 11,112

Depreciation was $4,974 for the year ended June 30, 2025.

MARBIDCO has no material construction commitments as of June 30, 2025.

NOTE 5 – LEASE COMMITMENTS

MARBIDCO leases certain office facilities under a non-cancelable operating lease expiring on October 31, 2024. At the end of the extended term and continuing for four additional lease years to October 31, 2028, the term of the lease shall be automatically extended for one additional lease year beginning November 1, 2024 unless by June 30th of a lease year, written notice is given that MARBIDCO does not wish to extend the lease. Future minimum lease payments under the automatic lease extension are as follows:

FY	
2026	$ 64,596
2027	66,211
2028	67,867
2029	22,808
Total	$ 221,482

Rent expense was $63,021 for the year ended June 30, 2025.

NOTE 6 – LONG-TERM DEBT

A secured $1,000,000 variable rate line of credit was available to MARBIDCO during fiscal year 2016. This was increased to $4,000,000 in 2017 and it is secured by $10,000,000 in loans receivable. In 2025, the line of credit was amended to $3,000,000 and the loans receivable limit was updated to $7,500,000. The line of credit calls for an initial interest rate of 2.17% above 30-day LIBOR, and this was updated to 2.05% above SOFR in 2025. The balance as of June 30, 2025, is $0.

NOTE 7 – RETIREMENT PLANS

MARBIDCO offers a 401(a) defined contribution money purchase plan to all employees. As of June 30, 2025, ten employees participate in the plan. Under the plan, MARBIDCO contributes four percent of each eligible employee's salary. Employees may also elect to contribute up to an additional four percent which is matched by MARBIDCO. Plan expenses incurred by MARBIDCO for the year ended June 30, 2025, were $81,787.

MARBIDCO offers a Roth IRA plan to its employees. The plan, available to all employees offers a post-tax savings program with annual contribution limits of $7,000 ($8,000 for employees 50 and over). Earnings on Roth IRA accounts may be distributed tax-free, provided they are not withdrawn until after the contributions have been in the account for five years from the date of your first Roth IRA contribution or conversion and certain other requirements are met. Mission Square Retirement formerly, the International City Management Retirement Corporation ("ICMA-RC") administers the plan. Participation is optional and Management's involvement is limited to transferring amounts withheld from payroll to Mission Square Retirement. Accordingly, the investments designated for compensation benefits are not reflected in MARBIDCO's financial statement.

NOTE 8 – DEFERRED COMPENSATION

MARBIDCO offers a Deferred Compensation Plan to its employees in accordance with Section 457 of the Internal Revenue Code. The plan, available to all employees, permits employees to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Mission Square Retirement formerly, the International City Management Association Retirement Corporation ("ICMA-RC") administers the plan. Management's involvement is limited to transferring amounts withheld from payroll to Mission Square Retirement.

All amounts of compensation deferred under the plan, and all related income are held in trust for the exclusive benefit of participants and their beneficiaries. The assets will not be diverted to any other purpose. In compliance with the Internal Revenue Code Section 457(g), all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the investments designated for compensation benefits are not reflected in MARBIDCO's financial statements.

NOTE 9 – RISK MANAGEMENT

MARBIDCO is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to and illnesses of employees, and natural disasters. MARBIDCO purchases commercial insurance coverage for general liability, property and casualty, environmental and antitrust liabilities, and certain employee health benefits. Settled claims from these risks have not exceeded commercial coverage and there has not been a reduction in insurance coverage for the year end June 30, 2025. Beginning on October 1, 2008, MARBIDCO gained additional liability protection when it became covered under the Maryland Tort Claims Act.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

MARBIDCO receives grant funds from the State and other funders for various programs. Expenditures from these funds are subject to audit by the grantor, and MARBIDCO is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of MARBIDCO's management, no material refunds will be required as a result of expenditures disallowed by the grantors.

The Board approves loans, grants and easement option purchases that had not been disbursed as of June 30, 2025.

There are $3,467,307 in loan commitments; $1,200,000 related to the Maryland Resource-Based Industry Financing Participation Fund; $49,840 related to the Maryland Vineyard/Hopyard/Orchard Planting Loan Fund; $10,308 related to the Southern Maryland Revolving Loan Fund; $56,229 related to the Maryland Shellfish Aquaculture Financing Loan Fund; $75,000 related to the Maryland Oyster Shucking House Loan Fund; $1,825,930 related to the Maryland Livestock Processing Loan Fund and $250,000 related to the Southern Maryland Livestock Processing Revolving Loan Fund.

NOTE 10 – COMMITMENTS AND CONTINGENCIES – continued

There are $1,230,831 in grant commitments; $37,614 related to the Local Government Ag/RBI Project Cost Share Grants, $862,267 related to the Maryland Certified Local Farm Enterprise Food Aggregation Grants; $305,950 related to the Maryland Livestock Processing Equipment Grant Program and $25,000 related to the Maryland Value-Added Producer Matching Grant – USDA Option.

There are $537,571 in commitments related to easement option purchase commitments; $410,443 related to the Next Generation Farmland Acquisition Program and $127,128 related to the Small Acreage Next Generation Farmland Acquisition Program.

NOTE 11 – CONCENTRATIONS

During the year ended June 30, 2025, MARBIDCO received $3,995,000 or 44% of its total revenue from State appropriations, with an additional $1,689,847 in interest income from loans, and $186,067 in program income.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 30, 2025, the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT 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*

Board of Directors
Maryland Agricultural and Resource-Based
Industry Development Corporation

We have audited, 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, the financial statements of the Maryland Agricultural and Resource-Based Industry Development Corporation ("MARBIDCO"), which comprise the statement of net position as of June 30, 2025, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 30, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MARBIDCO's internal control over financial reporting (internal control) to determine the 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 MARBIDCO's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MARBIDCO'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 the entity'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.

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MARBIDCO's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, with which noncompliance could have a direct and material effect on the determination of financial statement amounts. 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 MARBIDCO's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MARBIDCO's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lindsey & Associates, LLC

September 30, 2025