

**Financial Statements and  
Other Financial Information**

**Friends of Casco Bay**

**March 31, 2016**



**DAWSON SMITH  
PURVIS & BASSETT**  
CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS ADVISORS

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FRIENDS OF CASCO BAY

March 31, 2016

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**DAWSON SMITH  
PURVIS & BASSETT**

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors  
Friends of Casco Bay  
South Portland, Maine

Management is responsible for the accompanying financial statements of Friends of Casco Bay, which comprise the statements of financial position as of March 31, 2016 and 2015 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*Dawson, Smith, Purvis & Bassett, P.A.*

February 8, 2017  
Portland, Maine

STATEMENTS OF FINANCIAL POSITION

FRIENDS OF CASCO BAY

March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 178,973	\$ 170,685
Contingency fund cash	108,129	106,629
Boats fund cash	1,215	115
Cash reserved for baykeeper retirement fund	66,557	109,781
Accounts receivable, net of allowance of \$240 and \$0 at March 31, 2016 and 2015, respectively	56,298	8,821
Promises to give	5,000	10,535
Prepaid expenses	10,713	9,660
TOTAL CURRENT ASSETS	<u>426,885</u>	<u>416,226</u>
PROPERTY AND EQUIPMENT		
Equipment and furnishings	75,092	78,556
Vehicle	31,441	31,441
Boats	284,831	276,010
TOTAL PROPERTY AND EQUIPMENT	<u>391,364</u>	<u>386,007</u>
Less accumulated depreciation	179,631	164,769
NET PROPERTY AND EQUIPMENT	<u>211,733</u>	<u>221,238</u>
OTHER ASSETS		
Beneficial interest in assets held by others	697,668	767,466
Boats fund investments	104,525	117,759
Advocacy fund investments	64,847	76,713
	<u>867,040</u>	<u>961,938</u>
TOTAL ASSETS	<u>\$ 1,505,658</u>	<u>\$ 1,599,402</u>

	<u>2016</u>	<u>2015</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,289	\$ 7,220
Other current liabilities	1,818	3,377
Deferred revenue	5,400	-
Accrued vacation	36,492	26,981
Retirement fund liability, current portion	47,664	40,839
TOTAL CURRENT LIABILITIES	<u>101,663</u>	<u>78,417</u>
RETIREMENT FUND LIABILITY, net of current portion	<u>19,878</u>	<u>68,942</u>
TOTAL LIABILITIES	121,541	147,359
NET ASSETS		
Unrestricted		
Undesignated	119,500	143,174
Designated	108,129	106,629
Net investment in property and equipment	211,733	221,238
TOTAL UNRESTRICTED NET ASSETS	<u>439,362</u>	<u>471,041</u>
Temporarily restricted net assets	<u>944,755</u>	<u>981,002</u>
TOTAL NET ASSETS	<u>1,384,117</u>	<u>1,452,043</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,505,658</u>	<u>\$ 1,599,402</u>

See independent accountants' compilation report and notes to the financial statements.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FRIENDS OF CASCO BAY

Years Ended March 31, 2016 and 2015

	Year Ended March 31, 2016			Year Ended
	Unrestricted	Temporarily Restricted	Total	March 31, 2015
				Total
<b>OPERATING ACTIVITY</b>				
Operating Revenues				
Individual gifts	\$ 251,050	\$ -	\$ 251,050	\$ 304,413
Corporate gifts	41,582	-	41,582	94,334
Foundation grants	192,150	76,500	268,650	160,873
Government grants and contracts	124,107	-	124,107	137,110
Nonprofit contributions	11,800	-	11,800	25,391
In-kind gifts	120,420	-	120,420	132,581
Fundraising events	23,883	-	23,883	25,946
Investment income	1,902	-	1,902	23
Miscellaneous income	10,236	-	10,236	7,940
Transfers from beneficial interest in assets held by others to operations, net	40,839	-	40,839	156,174
Net assets released from restrictions	87,604	(87,604)	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>905,573</b>	<b>(11,104)</b>	<b>894,469</b>	<b>1,044,785</b>
Program Service Expenses				
Baykeeper operations	334,612	-	334,612	422,199
Water quality monitoring program	267,573	-	267,573	275,018
Pumpout boat program	34,970	-	34,970	52,656
<b>TOTAL PROGRAM SERVICES</b>	<b>637,155</b>	<b>-</b>	<b>637,155</b>	<b>749,873</b>
Management and general expenses	112,797	-	112,797	119,016
Fundraising expenses	187,300	-	187,300	132,939
<b>TOTAL OPERATING EXPENSES</b>	<b>937,252</b>	<b>-</b>	<b>937,252</b>	<b>1,001,828</b>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<b>(31,679)</b>	<b>(11,104)</b>	<b>(42,783)</b>	<b>42,957</b>
<b>NONOPERATING ACTIVITY</b>				
Other contributions	-	335	335	-
Investment income	-	5,325	5,325	7,816
Net realized and unrealized investment losses	-	(22,931)	(22,931)	53,717
Transfers to operations from beneficial interest in assets held by others, net	-	-	-	(156,174)
Investment fees	-	(7,872)	(7,872)	(9,507)
Deferred retirement compensation	-	-	-	(109,781)
<b>CHANGES IN NET ASSETS FROM NONOPERATING ACTIVITY</b>	<b>-</b>	<b>(25,143)</b>	<b>(25,143)</b>	<b>(213,929)</b>
<b>TOTAL CHANGES IN NET ASSETS</b>	<b>(31,679)</b>	<b>(36,247)</b>	<b>(67,926)</b>	<b>(170,972)</b>
<b>NET ASSETS AT BEGINNING OF PERIOD</b>	<b>471,041</b>	<b>981,002</b>	<b>1,452,043</b>	<b>1,623,015</b>
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 439,362</b>	<b>\$ 944,755</b>	<b>\$ 1,384,117</b>	<b>\$ 1,452,043</b>

See independent accountants' compilation report and notes to the financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

FRIENDS OF CASCO BAY

Year Ended March 31, 2016

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	Total Programs	Management & General	Fundraising Expenses	Total Expenses
<b>PERSONNEL</b>							
Salaries and wages	\$ 188,929	\$ 107,046	\$ 18,550	\$ 314,525	\$ 79,828	\$ 96,434	\$ 490,787
Employee benefits and taxes	39,770	32,477	2,100	74,347	14,137	22,250	110,734
	<u>228,699</u>	<u>139,523</u>	<u>20,650</u>	<u>388,872</u>	<u>93,965</u>	<u>118,684</u>	<u>601,521</u>
<b>OTHER EXPENSES</b>							
Advertising	779	-	-	779	-	725	1,504
Board expense	-	-	-	-	430	-	430
Boat and truck operation	3,831	11,994	6,336	22,161	-	29	22,190
Computer/copier expense	3,289	2,317	346	5,952	1,876	5,013	12,841
Conferences, seminars, meetings	797	98	15	910	79	79	1,068
Depreciation expense - boat and truck	5,680	17,818	1,048	24,546	-	-	24,546
Depreciation expense - other	-	597	-	597	3,751	4,334	8,682
Dues, subscriptions, publications	1,177	83	12	1,272	67	480	1,819
Equipment	-	5,295	-	5,295	-	-	5,295
In-kind expenses	34,839	59,438	3,955	98,232	-	22,188	120,420
Insurance	821	1,527	86	2,434	468	470	3,372
Licenses and fees	-	-	-	-	1,866	1,418	3,284
Payroll processing service	1,028	627	93	1,748	423	534	2,705
Printing and postage	14,788	2,251	237	17,276	1,156	16,273	34,705
Professional fees	2,046	2,138	105	4,289	572	574	5,435
Rent	11,217	4,314	643	16,174	3,794	8,373	28,341
Service charges and fees	371	226	33	630	302	192	1,124
Supplies	17,135	16,592	850	34,577	1,578	5,899	42,054
Telephone	3,037	1,139	512	4,688	853	1,072	6,613
Travel and meals	4,706	1,334	10	6,050	1,405	510	7,965
Utilities	372	262	39	673	212	213	1,098
Bad debt expense	-	-	-	-	-	240	240
	<u>\$ 334,612</u>	<u>\$ 267,573</u>	<u>\$ 34,970</u>	<u>\$ 637,155</u>	<u>\$ 112,797</u>	<u>\$ 187,300</u>	<u>\$ 937,252</u>

See independent accountants' compilation report and notes to the financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

FRIENDS OF CASCO BAY

Year Ended March 31, 2015

	<u>Baykeeper Operations</u>	<u>Water Quality Monitoring</u>	<u>Pumpout Boat</u>	<u>Total Programs</u>	<u>Management &amp; General</u>	<u>Fundraising Expenses</u>	<u>Total Expenses</u>
<b>PERSONNEL</b>							
Salaries and wages	\$ 262,222	\$ 127,435	\$ 26,269	\$ 415,926	\$ 65,981	\$ 58,163	\$ 540,070
Employee benefits and taxes	39,547	33,148	3,276	75,971	12,050	14,660	102,681
	<u>301,769</u>	<u>160,583</u>	<u>29,545</u>	<u>491,897</u>	<u>78,031</u>	<u>72,823</u>	<u>642,751</u>
<b>OTHER EXPENSES</b>							
Advertising	-	-	-	-	-	1,367	1,367
Boat and truck operation	7,300	6,461	15,952	29,713	-	-	29,713
Computer/copier expense	4,293	2,348	537	7,178	1,560	1,248	9,986
Conferences, seminars, meetings	255	51	1	307	4	3	314
Depreciation expense - boat and truck	11,149	12,335	388	23,872	-	-	23,872
Depreciation expense - other	-	597	-	597	3,619	4,334	8,550
Dues, subscriptions, publications	692	365	84	1,141	242	1,368	2,751
In-kind expenses	26,108	58,413	3,080	87,601	26,869	18,111	132,581
Insurance	1,042	1,533	131	2,706	379	303	3,388
Laboratory fees	-	2,951	-	2,951	-	-	2,951
Licenses and fees	1,400	-	-	1,400	15	5,600	7,015
Office supplies/services	3,176	1,737	398	5,311	1,155	923	7,389
Payroll processing service	1,130	601	111	1,842	292	273	2,407
Printing and postage	19,054	220	10	19,284	88	11,144	30,516
Professional fees	7,268	1,293	284	8,845	809	665	10,319
Rent	9,307	4,126	945	14,378	3,343	2,193	19,914
Repairs and maintenance	-	7,289	-	7,289	-	-	7,289
Supplies	12,912	11,144	631	24,687	676	3,074	28,437
Telephone	2,569	1,183	429	4,181	699	499	5,379
Travel and meals	1,878	1,319	23	3,220	924	694	4,838
Utilities	857	469	107	1,433	311	249	1,993
Venue fees	10,040	-	-	10,040	-	8,068	18,108
	<u>\$ 422,199</u>	<u>\$ 275,018</u>	<u>\$ 52,656</u>	<u>\$ 749,873</u>	<u>\$ 119,016</u>	<u>\$ 132,939</u>	<u>\$ 1,001,828</u>

See independent accountants' compilation report and notes to the financial statements.



STATEMENTS OF CASH FLOWS

FRIENDS OF CASCO BAY

Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (67,926)	\$ (170,972)
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Depreciation	33,228	32,422
Net realized and unrealized investment losses (gains)	22,931	(53,717)
Changes in operating assets and liabilities:		
Accounts receivable	(47,477)	2,373
Promises to give	5,535	5,391
Prepaid expenses	(1,053)	5,306
Accounts payable	3,069	3,270
Other current liabilities	(1,559)	122
Deferred revenue	5,400	-
Accrued vacation	9,511	(5,101)
Retirement fund liability	(42,239)	109,781
NET CASH USED BY OPERATING ACTIVITIES	<u>(80,580)</u>	<u>(71,125)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(23,723)	-
Transfers to beneficial interest in assets held by others	-	(111,913)
Transfers from beneficial interest in assets held by others	69,506	284,554
Net investment fees paid from beneficial interest in assets held by others	2,461	1,694
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>48,244</u>	<u>174,335</u>
NET CHANGE IN CASH	(32,336)	103,210
Cash at beginning of year	<u>387,210</u>	<u>284,000</u>
CASH AT END OF YEAR	<u>\$ 354,874</u>	<u>\$ 387,210</u>
Operating cash	\$ 178,973	\$ 170,685
Contingency fund cash	108,129	106,629
Boats fund cash	1,215	115
Cash reserved for baykeeper retirement fund	<u>66,557</u>	<u>109,781</u>
	<u>\$ 354,874</u>	<u>\$ 387,210</u>

See independent accountants' compilation report and notes to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

### FRIENDS OF CASCO BAY

March 31, 2016 and 2015

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Nature of Activities

Friends of Casco Bay (the "Organization") is a nonprofit environmental organization located in South Portland, Maine, dedicated to improving and protecting the environmental health of Casco Bay. Its programs include the BayKeeping program, water quality monitoring, vessel pumpout services, and BayScaping programs. Friends of Casco Bay's operations are funded through donations, foundation grants, and government grants and contracts.

##### Basis of Accounting

The Organization prepares its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

##### Basis of Presentation

The accompanying financial statements include the assets, liabilities, and net assets of the Organization. Under FASB ASC 958-205-05-6, the Organization is required to report information regarding its financial position and activities according to three classes of net assets based on the existence or absence of donor imposed restrictions and the nature of those restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. The March 31, 2015 information has been summarized for presentation purposes.

##### Cash and Cash Equivalents

For purposes of the statements of cash flows, management considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

##### Accounts Receivable

Accounts receivable is recorded net of an allowance for doubtful accounts. The allowance is estimated from historical performance and projections of trends. At March 31, 2016 and 2015, the allowance for doubtful accounts was \$240 and \$0, respectively.

##### 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 additions and deductions during the reporting period. Actual results could differ from those estimates.

##### Income Taxes

Friends of Casco Bay is a not-for-profit organization exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined not to be a private foundation under Section 509(a) of the Code.

See independent accountants' compilation report.

## NOTES TO FINANCIAL STATEMENTS--CONTINUED

### FRIENDS OF CASCO BAY

March 31, 2016 and 2015

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

##### Income Taxes--Continued

The Organization's policy is to record tax related interest expense and penalties assessed by taxing authorities in general and administrative expenses. For the years ended March 31, 2016 and 2015, there was no tax related interest or penalties expense recorded and no accrued interest and penalties.

The Organization's federal and state tax returns are open for examination for the years ended March 31, 2016, 2015 and 2014.

##### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support when received, depending on the existence or nature of donor restrictions. Promises to give are recorded as temporarily restricted net assets until collected. When a restriction has been met or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of assets other than cash are recorded at their estimated market value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions received is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and the nature of the fund raising activity.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenue of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the same time of acquisition of such long-lived assets.

##### Revenues

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purposes or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

##### Property and Equipment

The Organization records property and equipment at cost, or fair market value if donated. Costs that do not significantly increase the useful life of an asset are charged to repairs and maintenance. Depreciation is computed using the straight-line method over the useful lives of the assets.

See independent accountants' compilation report.

## NOTES TO FINANCIAL STATEMENTS--CONTINUED

### FRIENDS OF CASCO BAY

March 31, 2016 and 2015

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

##### Promises to Give

Promises to give are recorded when the donor makes a promise to give to the Organization. Promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Significant promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received. All promises to give are receivable in less than one year.

##### Beneficial Interest in Assets Held by Others

As more fully described in Note C, the Organization is the beneficiary of an endowment fund held by Maine Community Foundation. The assets are invested in debt and equity securities and the Organization records its interest in the endowment fund at the fair value of the underlying assets. Realized and unrealized gains and losses and investment income from the fund are included in the statement of activities as nonoperating revenue. It is the Organization's intent to use transfers from the endowment fund for operations and, accordingly, transfers are included as operating revenue with a corresponding expense as nonoperating activity.

##### Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

##### Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended March 31, 2016 and 2015 were \$1,504 and \$1,367, respectively.

#### NOTE B--SIGNIFICANT CONCENTRATION OF CREDIT RISK

##### Credit Risk

The Organization maintains a majority of its cash balances in one financial institution located in South Portland, Maine. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Balances in certain accounts sometimes exceed this amount. The Organization has not experienced any credit losses in the past, and does not believe it is exposed to any significant financial risk on these account balances.

##### Market Value Risk

The Organization, through its beneficial interest in assets held by others, invests in stocks, mutual funds and fixed income securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in the near term could materially affect balances and the amounts reported in the financial statements.

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2016 and 2015

NOTE C--BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In 2001, the Organization established an endowment fund (the "Fund") with the Maine Community Foundation ("MCF"). The account is used to invest, as long-term investments, proceeds from capital campaign pledges that were collected to support the Baykeeper program. Net income from the Fund may be distributed to Friends of Casco Bay at least annually. Distributions in excess of net income may also be made to Friends of Casco Bay with the approval of MCF's Board of Directors upon recommendation of Friends of Casco Bay.

While the Organization has designated itself as the beneficiary of the Fund, MCF retains a variance power over the Fund. The variance power allows MCF to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the judgment of MCF, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. At March 31, 2016 and 2015, the endowment fund had values of \$697,668 and \$767,466, respectively, which are reported in the statement of financial position as beneficial interest in assets held by others, and is included in Net Assets as a temporarily restricted net asset for future use related to baykeeping programs.

The Organization also has two other funds with Maine Community Foundation, the Baykeeper Boats Fund and the Emeritus Fund for Advocacy. The Baykeeper Boats Fund is temporarily restricted for future boat purchases, repairs and maintenance. The Emeritus Fund for Advocacy is temporarily restricted for future use related to advocacy of the Organization and its mission. These funds follow the same MCF guidelines and regulations as the endowment fund. The balance of the Baykeeper Boats Fund as of March 31, 2016 and 2015 was \$104,525 and \$117,759, respectively. The balance of the Emeritus Fund for Advocacy as of March 31, 2016 and 2015 was \$64,847 and \$76,713, respectively.

NOTE D--DESIGNATED NET ASSETS

Designated net assets represent unrestricted net assets designated by the Board and are comprised of the following:

	March 31, 2016	March 31, 2015
Cash reserved for contingencies	\$ 106,629	\$ 105,129
Legal fee contingencies	1,500	1,500
Totals	<u>\$ 108,129</u>	<u>\$ 106,629</u>

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2016 and 2015

NOTE E--TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent net assets restricted by outside donors for the following purposes:

	March 31, 2016	March 31, 2015
Beneficial interest in assets held by others:		
Baykeeping fund	\$ 697,668	\$ 776,065
Boats fund	105,740	118,724
Advocacy fund	64,847	76,713
Other program funds:		
Mud flat pH testing	-	7,000
Champions for the Bay	-	2,500
Ocean acidification	19,000	-
WQM kits	7,500	-
Various	50,000	-
Totals	<u>\$ 944,755</u>	<u>\$ 981,002</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors, as follows:

	Year Ended March 31, 2016	Year Ended March 31, 2015
Baykeeping programs	\$ 58,104	\$ 156,174
Baykeeper retirement	-	109,781
Ocean acidification	-	2,000
Storm drain stenciling	-	4,000
Casco Bay curriculum	-	6,000
Baykeeping	-	2,500
Boats fund	10,000	15,573
Mud flat pH testing	7,000	-
Champions for the Bay	2,500	-
Advocacy	10,000	-
Net assets released from restrictions	<u>\$ 87,604</u>	<u>\$ 296,028</u>

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2016 and 2015

NOTE F--LINE OF CREDIT

At March 31, 2016 and 2015, the Organization had a line of credit available for \$50,000. There was no balance outstanding at March 31, 2016 or 2015. Terms of the credit agreement provide for interest at the Wall Street Journal prime rate. All accounts receivable, equipment, inventory, and general intangibles of Friends of Casco Bay are assigned as collateral.

The carrying value of assets that are pledged for the line of credit was \$273,031 as of March 31, 2016.

NOTE G--IN-KIND GIFTS

In-kind gifts are valued at the fair market of the services or goods received based on an arms-length transaction.

During the years ended March 31, 2016 and 2015, in-kind contributions consisted of the following:

	<u>Year Ended</u> <u>March 31, 2016</u>	<u>Year Ended</u> <u>March 31, 2015</u>
Water quality monitoring	\$ 59,438	\$ 58,413
Baykeeper	34,839	26,108
Pumpout	3,955	3,080
Fundraising	22,188	18,111
Office equipment, supplies, and meetings	<u>-</u>	<u>26,869</u>
	<u>\$ 120,420</u>	<u>\$ 132,581</u>

NOTE H--LEASE

The Organization rents its single office location from Southern Maine Community College. The term of the lease was for three years beginning March 1, 2013 and expired on February 29, 2016. The Organization paid \$1,420 per month increasing 3% each year beginning March 1, 2013. At the expiration of the lease, the Organization rents on a month-to-month basis at a monthly amount of \$1,552. Office and other rent expense for the years ended March 31, 2016 and 2015 was \$28,341 and \$19,914, respectively.

NOTE I--RETIREMENT PLAN

The Organization has a tax deferred annuity plan established under Section 403(b) of the Internal Revenue Code. All employees with at least one year of service are eligible to participate and may elect to defer compensation up to the maximum amount allowed by the IRS. In addition, the Organization makes matching contributions for eligible employees. The Organization's contributions for the year ended March 31, 2016 and 2015 were \$16,186 and \$19,348, respectively.

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2016 and 2015

NOTE J--RETIREMENT AGREEMENT

During the year ended March 31, 2015, the Organization entered into an agreement with the former Baykeeper upon his retirement on January 9, 2015. As part of the agreement, the Organization provided severance pay and paid a portion of dental insurance through March 31, 2015. The Organization also gave a service recognition award in the amount of \$41,000. As part of the agreement, the Organization will make disability equivalent payments in the annualized amount of \$36,000 in biweekly installments starting the first payroll period after March 31, 2015 through the earliest of November 18, 2017, the date the former Baykeeper accepts employment with an employer of more than 20 hours per week or the date of the former Baykeeper's death. The Organization will also pay the life insurance premiums for the former Baykeeper for the years 2015 through 2017. The amount paid related to this agreement during the years ended March 31, 2016 and 2015 was \$42,239 and \$54,574, respectively.

The Organization estimates future payments to be as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2017	\$ 47,664
2018	19,878
Total	<u>\$ 67,542</u>

NOTE K--FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Organization's financial instruments approximate their carrying amounts, either because the expected collection or payment period is relatively short or because the terms are similar to market terms.

NOTE L--SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through February 8, 2017, the date the financial statements were available to be issued.

On October 14, 2016, Southern Maine Community College ("SMCC") informed the Organization that they do not intend to renew the lease for the building in which they are housed. SMCC has not given the Organization a date in which they must vacate the premises but the Organization has defined what they will be looking for in new space and will begin the search in 2017.

See independent accountants' compilation report.