

**Financial Statements and
Other Financial Information**

Friends of Casco Bay

March 31, 2017



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

CONTENTS

FRIENDS OF CASCO BAY

March 31, 2017

Independent Accountants' Compilation Report.....	1
Financial Statements	
Statements of Financial Position.....	2
Statements of Activities and Changes in Net Assets.....	4
Statements of Functional Expenses.....	5
Statements of Cash Flows.....	7
Notes to the Financial Statements.....	8



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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, 2017 and 2016 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.

December 5, 2017
Portland, Maine

STATEMENTS OF FINANCIAL POSITION

FRIENDS OF CASCO BAY

March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 149,949	\$ 178,973
Contingency fund cash	108,129	108,129
Boats fund cash	-	1,215
Cash reserved for baykeeper retirement fund	26,591	66,557
Accounts receivable, net of allowance of \$330 and \$240 at March 31, 2017 and 2016, respectively	19,669	56,298
Promises to give	8,750	5,000
Prepaid expenses	13,681	10,713
TOTAL CURRENT ASSETS	<u>326,769</u>	<u>426,885</u>
PROPERTY AND EQUIPMENT		
Equipment and furnishings	75,092	75,092
Vehicle	31,441	31,441
Boats	284,831	284,831
TOTAL PROPERTY AND EQUIPMENT	<u>391,364</u>	<u>391,364</u>
Less accumulated depreciation	215,973	179,631
NET PROPERTY AND EQUIPMENT	<u>175,391</u>	<u>211,733</u>
OTHER ASSETS		
Beneficial interest in assets held by others	724,826	697,668
Boats fund investments	108,025	104,525
Advocacy fund investments	62,194	64,847
	<u>895,045</u>	<u>867,040</u>
TOTAL ASSETS	<u>\$ 1,397,205</u>	<u>\$ 1,505,658</u>

	<u>2017</u>	<u>2016</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,793	\$ 10,289
Other current liabilities	1,938	1,818
Deferred revenue	3,900	5,400
Accrued vacation	38,139	36,492
Retirement fund liability, current portion	<u>26,503</u>	<u>47,664</u>
TOTAL CURRENT LIABILITIES	73,273	101,663
RETIREMENT FUND LIABILITY, net of current portion	<u>-</u>	<u>19,878</u>
TOTAL LIABILITIES	73,273	121,541
NET ASSETS		
Unrestricted		
Undesignated	129,740	119,500
Designated	108,129	108,129
Net investment in property and equipment	<u>175,391</u>	<u>211,733</u>
TOTAL UNRESTRICTED NET ASSETS	413,260	439,362
Temporarily restricted net assets	<u>910,672</u>	<u>944,755</u>
TOTAL NET ASSETS	<u>1,323,932</u>	<u>1,384,117</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,397,205</u>	<u>\$ 1,505,658</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, 2017 and 2016

	Year Ended March 31, 2017			Year Ended
	Unrestricted	Temporarily Restricted	Total	March 31, 2016
				Total
OPERATING ACTIVITY				
Operating Revenues				
Individual gifts	\$ 313,081	\$ -	\$ 313,081	\$ 251,050
Corporate gifts	55,320	-	55,320	41,582
Foundation grants	156,365	13,625	169,990	268,650
Government grants and contracts	122,622	-	122,622	124,107
Nonprofit contributions	22,635	-	22,635	11,800
In-kind gifts	145,686	-	145,686	120,420
Fundraising events	24,325	-	24,325	23,883
Investment income	182	-	182	1,902
Miscellaneous income	11,807	-	11,807	10,236
Transfers from beneficial interest in assets held by others to operations, net	41,038	-	41,038	40,839
Net assets released from restrictions	144,164	(144,164)	-	-
TOTAL OPERATING REVENUES	1,037,225	(130,539)	906,686	894,469
Program Service Expenses				
Baykeeper operations	401,972	-	401,972	334,612
Water quality monitoring program	282,679	-	282,679	267,573
Pumpout boat program	37,588	-	37,588	34,970
TOTAL PROGRAM SERVICES	722,239	-	722,239	637,155
Management and general expenses	107,768	-	107,768	112,797
Fundraising expenses	142,834	-	142,834	187,300
Special events	90,486	-	90,486	-
TOTAL OPERATING EXPENSES	1,063,327	-	1,063,327	937,252
CHANGES IN NET ASSETS FROM OPERATIONS	(26,102)	(130,539)	(156,641)	(42,783)
NONOPERATING ACTIVITY				
Other contributions	-	785	785	335
Investment income	-	7,801	7,801	5,325
Net realized and unrealized investment gains (losses)	-	96,452	96,452	(22,931)
Investment fees	-	(8,582)	(8,582)	(7,872)
CHANGES IN NET ASSETS FROM NONOPERATING ACTIVITY	-	96,456	96,456	(25,143)
TOTAL CHANGES IN NET ASSETS	(26,102)	(34,083)	(60,185)	(67,926)
NET ASSETS AT BEGINNING OF PERIOD	439,362	944,755	1,384,117	1,452,043
NET ASSETS AT END OF PERIOD	\$ 413,260	\$ 910,672	\$ 1,323,932	\$ 1,384,117

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

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	Total Programs	Management & General	Fundraising Expenses	Special Events	Total Expenses
PERSONNEL								
Salaries and wages	\$ 257,894	\$ 109,594	\$ 21,693	\$ 389,181	\$ 67,441	\$ 89,993	\$ 22,886	\$ 569,501
Employee benefits and taxes	50,827	31,116	2,329	84,272	11,437	21,598	5,318	122,625
	<u>308,721</u>	<u>140,710</u>	<u>24,022</u>	<u>473,453</u>	<u>78,878</u>	<u>111,591</u>	<u>28,204</u>	<u>692,126</u>
OTHER EXPENSES								
Advertising	932	-	-	932	-	-	763	1,695
Bank and Processing Fees	725	330	56	1,111	415	2,192	66	3,784
Boat and Truck Operation	8,126	6,105	5,396	19,627	-	-	99	19,726
Computers/Copier Expenses	4,045	2,174	379	6,598	1,576	1,665	313	10,152
Conferences, Seminars, Meetings	658	403	-	1,061	-	320	-	1,381
Boat and Truck Depreciation	16,265	7,205	3,685	27,155	-	-	-	27,155
Other Depreciation	-	174	-	174	4,679	4,334	-	9,187
Dues, Licenses, Publications	2,510	496	87	3,093	359	405	71	3,928
Equipment	-	27,156	-	27,156	-	-	-	27,156
Food for Events	2,924	-	-	2,924	-	-	6,835	9,759
In-Kind Expenses	13,864	74,306	1,209	89,379	12,659	2,678	40,970	145,686
Insurance	1,066	1,919	100	3,085	415	439	83	4,022
Laboratory Fees	-	1,287	-	1,287	-	-	-	1,287
Office Supplies/Services	2,073	1,114	194	3,381	808	853	160	5,202
Payroll Processing Fees	1,237	564	96	1,897	316	447	113	2,773
Printing and Postage	11,615	815	156	12,586	324	7,107	2,456	22,473
Professional Fees	2,602	990	173	3,765	718	4,109	3,869	12,461
Rents	7,419	3,986	696	12,101	3,591	3,053	3,477	22,222
Repairs and Maintenance	335	180	31	546	130	138	26	840
Software and Tools	446	106	-	552	-	-	-	552
Supplies	5,284	9,185	505	14,974	623	1,948	2,557	20,102
Telephone	2,598	1,292	765	4,655	659	978	124	6,416
Travel	8,158	1,984	3	10,145	1,474	425	271	12,315
Utilities	369	198	35	602	144	152	29	927
	<u>\$ 401,972</u>	<u>\$ 282,679</u>	<u>\$ 37,588</u>	<u>\$ 722,239</u>	<u>\$ 107,768</u>	<u>\$ 142,834</u>	<u>\$ 90,486</u>	<u>\$ 1,063,327</u>

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

	<u>Baykeeper Operations</u>	<u>Water Quality Monitoring</u>	<u>Pumpout Boat</u>	<u>Total Programs</u>	<u>Management & General</u>	<u>Fundraising Expenses</u>	<u>Total Expenses</u>
PERSONNEL							
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>
OTHER EXPENSES							
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 CASH FLOWS

FRIENDS OF CASCO BAY

Years Ended March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (60,185)	\$ (67,926)
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Depreciation	36,342	33,228
Net realized and unrealized investment (gains) losses	(96,452)	22,931
Changes in operating assets and liabilities:		
Accounts receivable	36,629	(47,477)
Promises to give	(3,750)	5,535
Prepaid expenses	(2,968)	(1,053)
Accounts payable	(7,496)	3,069
Other current liabilities	120	(1,559)
Deferred revenue	(1,500)	5,400
Accrued vacation	1,647	9,511
Retirement fund liability	(41,039)	(42,239)
NET CASH USED BY OPERATING ACTIVITIES	<u>(138,652)</u>	<u>(80,580)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(23,723)
Transfers to beneficial interest in assets held by others	(2,086)	-
Transfers from beneficial interest in assets held by others	67,664	69,506
Net investment fees paid from beneficial interest in assets held by others	2,869	2,461
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>68,447</u>	<u>48,244</u>
NET CHANGE IN CASH	(70,205)	(32,336)
Cash at beginning of year	<u>354,874</u>	<u>387,210</u>
CASH AT END OF YEAR	<u>\$ 284,669</u>	<u>\$ 354,874</u>
Operating cash	\$ 149,949	\$ 178,973
Contingency fund cash	108,129	108,129
Boats fund cash	-	1,215
Cash reserved for baykeeper retirement fund	<u>26,591</u>	<u>66,557</u>
	<u>\$ 284,669</u>	<u>\$ 354,874</u>

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

NOTES TO FINANCIAL STATEMENTS

FRIENDS OF CASCO BAY

March 31, 2017 and 2016

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. 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 financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2016, from which the summarized information was derived.

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, 2017 and 2016, the allowance for doubtful accounts was \$330 and \$240, 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.

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2017 and 2016

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

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.

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, 2017 and 2016, there was no tax related interest or penalties expense recorded and no accrued interest and penalties.

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, 2017 and 2016

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.

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, 2017 and 2016 were \$1,695 and \$1,504, respectively.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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, 2017 and 2016

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, 2017 and 2016, the endowment fund had values of \$724,826 and \$697,668, 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, 2017 and 2016 was \$108,025 and \$104,525, respectively. The balance of the Emeritus Fund for Advocacy as of March 31, 2017 and 2016 was \$62,194 and \$64,847, 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, 2017	March 31, 2016
Cash reserved for contingencies	\$ 76,566	\$ 76,566
Cash reserved for legal fee contingencies	31,563	31,563
Totals	<u>\$ 108,129</u>	<u>\$ 108,129</u>

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2017 and 2016

NOTE E--TEMPORARILY RESTRICTED NET ASSETS

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

	March 31, 2017	March 31, 2016
Beneficial interest in assets held by others:		
Baykeeping fund	\$ 726,828	\$ 697,668
Boats fund	108,025	105,740
Advocacy fund	62,194	64,847
Other program funds:		
Ocean acidification	-	19,000
WQM kits	7,500	7,500
Casco Bay curriculum	3,125	-
Various	3,000	50,000
Totals	<u>\$ 910,672</u>	<u>\$ 944,755</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, 2017	Year Ended March 31, 2016
Baykeeping programs	\$ 47,664	\$ 58,104
Ocean acidification	19,000	-
Boats fund	10,000	10,000
Mud flat pH testing	-	7,000
Champions for the Bay	-	2,500
WQM Kits	7,500	-
Various	50,000	-
Advocacy	10,000	10,000
Net assets released from restrictions	<u>\$ 144,164</u>	<u>\$ 87,604</u>

NOTE F--LINE OF CREDIT

At March 31, 2017 and 2016, the Organization had a line of credit available for \$50,000. There was no balance outstanding at March 31, 2017 or 2016. 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 \$203,810 as of March 31, 2017.

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2017 and 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, 2017 and 2016, in-kind contributions consisted of the following:

	Year Ended March 31, 2017	Year Ended March 31, 2016
Water quality monitoring	\$ 74,306	\$ 59,438
Baykeeper	13,864	34,839
Pumpout	1,209	3,955
Fundraising	2,678	22,188
Special events	40,970	-
Office equipment, supplies, and meetings	12,659	-
	<u>\$ 145,686</u>	<u>\$ 120,420</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, 2017 and 2016 was \$22,222 and \$28,341, 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, 2017 and 2016 were \$18,195 and \$16,186, respectively.

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, 2017 and 2016 was \$47,644 and \$42,239, respectively. The Organization estimates future payments to be \$19,878 for the year ending March 31, 2018.

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2017 and 2016

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 December 5, 2017, the date the financial statements were available to be issued.