

**Financial Statements and  
Other Financial Information**

**Friends of Casco Bay**

**March 31, 2015**



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

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FRIENDS OF CASCO BAY

March 31, 2015

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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, 2015 and 2014 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.*

November 21, 2016  
Portland, Maine

STATEMENTS OF FINANCIAL POSITION

FRIENDS OF CASCO BAY

March 31, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 170,685	\$ 143,604
Contingency fund cash	106,629	106,629
Boats fund cash	115	33,767
Cash reserved for baykeeper retirement fund	109,781	-
Accounts receivable	8,821	11,194
Promises to give	10,535	15,926
Prepaid expenses	9,660	14,966
TOTAL CURRENT ASSETS	<u>416,226</u>	<u>326,086</u>
PROPERTY AND EQUIPMENT		
Equipment and furnishings	78,556	88,228
Vehicle	31,441	31,441
Boats	276,010	341,728
TOTAL PROPERTY AND EQUIPMENT	<u>386,007</u>	<u>461,397</u>
Less accumulated depreciation	164,769	207,738
NET PROPERTY AND EQUIPMENT	<u>221,238</u>	<u>253,659</u>
OTHER ASSETS		
Beneficial interest in assets held by others	767,466	995,024
Boats fund investments	117,759	87,533
Advocacy fund investments	76,713	-
	<u>961,938</u>	<u>1,082,557</u>
TOTAL ASSETS	<u>\$ 1,599,402</u>	<u>\$ 1,662,302</u>

	2015	2014
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 7,220	\$ 3,950
Other current liabilities	3,377	3,255
Accrued vacation	26,981	32,082
Retirement fund liability, current portion	40,839	-
TOTAL CURRENT LIABILITIES	<u>78,417</u>	<u>39,287</u>
RETIREMENT FUND LIABILITY, NET OF CURRENT PORTION	<u>68,942</u>	<u>-</u>
TOTAL LIABILITIES	147,359	39,287
NET ASSETS		
Unrestricted		
Undesignated	143,174	124,821
Designated	106,629	106,629
Net investment in property and equipment	221,238	253,659
TOTAL UNRESTRICTED NET ASSETS	<u>471,041</u>	<u>485,109</u>
Temporarily restricted net assets	981,002	1,137,906
TOTAL NET ASSETS	<u>1,452,043</u>	<u>1,623,015</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,599,402</u>	<u>\$ 1,662,302</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, 2015 and 2014

	Year Ended March 31, 2015			Year Ended March 31, 2014
	Unrestricted	Temporarily Restricted	Total	Total
<b>OPERATING ACTIVITY</b>				
Operating Revenues				
Individual gifts	\$ 230,665	\$ 73,748	\$ 304,413	\$ 215,773
Corporate gifts	90,984	3,350	94,334	62,184
Foundation grants	160,373	500	160,873	230,000
Government grants and contracts	127,610	9,500	137,110	140,728
Nonprofit contributions	25,391	-	25,391	13,337
In-kind gifts	132,581	-	132,581	125,379
Fundraising events	25,946	-	25,946	24,596
Investment income	23	-	23	189
Miscellaneous income	7,940	-	7,940	9,023
Transfers from beneficial interest in assets held by others to operations, net	156,174	-	156,174	92,900
Net assets released from restrictions	296,028	(296,028)	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>1,253,715</b>	<b>(208,930)</b>	<b>1,044,785</b>	<b>914,109</b>
Program Service Expenses				
Baykeeper operations	422,199	-	422,199	377,594
Water quality monitoring program	275,018	-	275,018	229,691
Pumpout boat program	52,656	-	52,656	33,121
<b>TOTAL PROGRAM SERVICES</b>	<b>749,873</b>	<b>-</b>	<b>749,873</b>	<b>640,406</b>
Management and general expenses	119,016	-	119,016	130,264
Fundraising expenses	132,939	-	132,939	134,084
<b>TOTAL OPERATING EXPENSES</b>	<b>1,001,828</b>	<b>-</b>	<b>1,001,828</b>	<b>904,754</b>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<b>251,887</b>	<b>(208,930)</b>	<b>42,957</b>	<b>9,355</b>
<b>NONOPERATING ACTIVITY</b>				
Investment income	-	7,816	7,816	11,661
Net realized and unrealized investment gains	-	53,717	53,717	102,536
Transfers to operations from beneficial interest in assets held by others, net	(156,174)	-	(156,174)	(92,900)
Investment fees	-	(9,507)	(9,507)	(9,160)
Deferred retirement compensation	(109,781)	-	(109,781)	-
<b>CHANGES IN NET ASSETS FROM NONOPERATING ACTIVITY</b>	<b>(265,955)</b>	<b>52,026</b>	<b>(213,929)</b>	<b>12,137</b>
<b>TOTAL CHANGES IN NET ASSETS</b>	<b>(14,068)</b>	<b>(156,904)</b>	<b>(170,972)</b>	<b>21,492</b>
<b>NET ASSETS AT BEGINNING OF PERIOD</b>	<b>485,109</b>	<b>1,137,906</b>	<b>1,623,015</b>	<b>1,601,523</b>
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 471,041</b>	<b>\$ 981,002</b>	<b>\$ 1,452,043</b>	<b>\$ 1,623,015</b>

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

# STATEMENTS OF FUNCTIONAL EXPENSES

## FRIENDS OF CASCO BAY

YEAR ENDED MARCH 31, 2015

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	Total Programs	Management & General	Fundraising Expenses	Total Expenses
PERSONNEL							
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>
OTHER EXPENSES							
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 FUNCTIONAL EXPENSES

## FRIENDS OF CASCO BAY

YEAR ENDED MARCH 31, 2014

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	Total Programs	Management & General	Fundraising Expenses	Total Expenses
PERSONNEL							
Salaries and wages	\$ 215,229	\$ 112,169	\$ 14,691	\$ 342,089	\$ 79,002	\$ 49,357	\$ 470,448
Employee benefits and taxes	49,133	30,873	1,567	81,573	15,822	12,118	109,513
	<u>264,362</u>	<u>143,042</u>	<u>16,258</u>	<u>423,662</u>	<u>94,824</u>	<u>61,475</u>	<u>579,961</u>
OTHER EXPENSES				-			
Advertising	900	-	-	900	-	2,179	3,079
Boat and truck operation	8,446	6,302	7,554	22,302	-	-	22,302
Computer/copier expense	4,176	2,206	355	6,737	1,934	1,380	10,051
Conferences, seminars, meetings	1,957	104	7	2,068	38	55	2,161
Depreciation expense	7,341	6,897	1,173	15,411	3,619	4,334	23,364
Dues, subscriptions, publications	393	10	2	405	10	102	517
Equipment	-	3,549	-	3,549	733	-	4,282
In-kind expenses	33,003	48,471	3,960	85,434	19,091	20,854	125,379
Insurance	1,008	1,435	1,632	4,075	467	333	4,875
Licenses and fees	-	1,000	57	1,057	1,355	6,586	8,998
Laboratory fees	-	989	-	989	-	-	989
Office supplies/services	2,042	1,078	174	3,294	945	675	4,914
Payroll processing service	1,038	562	64	1,664	372	241	2,277
Printing and postage	8,284	1,434	60	9,778	94	11,004	20,876
Professional fees	23,376	1,059	161	24,596	885	1,268	26,749
Rent	7,598	3,749	604	11,951	3,662	6,740	22,353
Service charges and fees	-	-	-	-	-	3,141	3,141
Supplies	8,494	5,120	796	14,410	346	12,393	27,149
Telephone	2,382	979	174	3,535	801	511	4,847
Travel and meals	2,111	1,344	32	3,487	771	587	4,845
Utilities	683	361	58	1,102	317	226	1,645
	<u>\$ 377,594</u>	<u>\$ 229,691</u>	<u>\$ 33,121</u>	<u>\$ 640,406</u>	<u>\$ 130,264</u>	<u>\$ 134,084</u>	<u>\$ 904,754</u>

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



# STATEMENTS OF CASH FLOWS

## FRIENDS OF CASCO BAY

Years Ended March 31, 2015 and 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (170,972)	\$ 21,492
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Depreciation	32,422	23,364
Net realized and unrealized investment gains	(53,717)	(102,536)
Changes in operating assets and liabilities:		
Accounts receivable	2,373	6,715
Promises to give	5,391	12,495
Prepaid expenses	5,306	(2,087)
Accounts payable	3,270	2,133
Other current liabilities	122	1,407
Accrued vacation	(5,101)	4,051
Retirement fund liability	109,781	-
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(71,125)</b>	<b>(32,966)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(145,260)
Transfers to beneficial interest in assets held by others	(111,913)	(80,000)
Transfers from beneficial interest in assets held by others	284,554	92,900
Net investment income reinvested	-	(2,570)
Net investment fees paid from beneficial interest in assets held by others	1,694	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>174,335</b>	<b>(134,930)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	-	(1,049)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>(1,049)</b>
<b>NET CHANGE IN CASH</b>	<b>103,210</b>	<b>(168,945)</b>
Cash at beginning of year	284,000	452,945
<b>CASH AT END OF YEAR</b>	<b>\$ 387,210</b>	<b>\$ 284,000</b>
Operating cash	\$ 170,685	\$ 143,604
Contingency fund cash	106,629	106,629
Boats fund cash	115	33,767
Cash reserved for baykeeper retirement fund	109,781	-
	<b>\$ 387,210</b>	<b>\$ 284,000</b>

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

## NOTES TO FINANCIAL STATEMENTS

### FRIENDS OF CASCO BAY

March 31, 2015 and 2014

#### 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, 2014 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, 2015 and 2014, the allowance for doubtful accounts was \$0.

##### 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, 2015 and 2014

#### 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, 2015 and 2014, 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, 2015, 2014 and 2013.

##### 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, 2015 and 2014

#### 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, 2015 and 2014 were \$1,367 and \$3,079, respectively.

##### Subsequent Events

The Organization has evaluated all subsequent events through November 21, 2016, the date the financial statements were available to be issued.

#### NOTE B--SIGNIFICANT CONCENTRATION OF 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.

See independent accountants' compilation report.

## NOTES TO FINANCIAL STATEMENTS--CONTINUED

### FRIENDS OF CASCO BAY

March 31, 2015 and 2014

#### 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, 2015 and 2014, the endowment fund had values of \$767,466 and \$995,024, 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, 2015 and 2014 was \$117,759 and \$87,534, respectively. The balance of the Emeritus Fund for Advocacy as of March 31, 2015 and 2014 was \$76,713 and \$0, 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, 2015	March 31, 2014
Cash reserved for contingencies	\$ 105,129	\$ 105,129
Legal fee contingencies	1,500	1,500
Totals	<u>\$ 106,629</u>	<u>\$ 106,629</u>

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2015 and 2014

NOTE E--TEMPORARILY RESTRICTED NET ASSETS

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

	March 31, 2015	March 31, 2014
Beneficial interest in assets held by others:		
Baykeeping fund	\$ 776,065	\$ 995,024
Boats fund	118,724	128,382
Advocacy fund	76,713	-
Other program funds:		
Mud flat pH testing	7,000	-
Champions for the Bay	2,500	
Baykeeping	-	2,500
Bayscaping education	-	6,000
Ocean acidification	-	2,000
Storm drain stenciling	-	4,000
Totals	<u>\$ 981,002</u>	<u>\$ 1,137,906</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, 2015	Year Ended March 31, 2014
Baykeeping programs	\$ 156,174	\$ 92,900
Baykeeper retirement	109,781	-
Ocean acidification	2,000	-
Storm drain stenciling	4,000	-
Casco Bay curriculum	6,000	-
Bayscaping education	-	4,733
Baykeeping	2,500	16,000
Time restricted	-	2,500
Boats fund	15,573	17,000
Net assets released from restrictions	<u>\$ 296,028</u>	<u>\$ 133,133</u>
Net assets released from restrictions for capital acquisitions	<u>\$ -</u>	<u>\$ 137,449</u>

See independent accountants' compilation report.

## NOTES TO FINANCIAL STATEMENTS--CONTINUED

### FRIENDS OF CASCO BAY

March 31, 2015 and 2014

#### NOTE F--LINE OF CREDIT

At March 31, 2015 and 2014, the Organization had a line of credit available for \$50,000. There was no balance outstanding at March 31, 2015 or 2014. 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 \$240,594 as of March 31, 2015.

#### 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, 2015 and 2014, in-kind contributions consisted of the following:

	Year Ended March 31, 2015	Year Ended March 31, 2014
Water quality monitoring	\$ 58,413	\$ 48,471
Baykeeper	26,108	33,003
Pumpout	3,080	3,960
Fundraising	18,111	20,854
Office equipment, supplies, and meetings	26,869	19,091
	<u>\$ 132,581</u>	<u>\$ 125,379</u>

#### NOTE H--LEASE

The Organization rents its single office location from Southern Maine Community College. The term of the lease is for three years beginning March 1, 2013 and expiring February 29, 2016. The Organization pays \$1,420 per month increasing 3% each year beginning March 1, 2013. Office and other rent expense for the years ended March 31, 2015 and 2014 was \$19,914 and \$22,353, 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, 2015 and 2014 were \$19,348 and \$18,311, respectively.

See independent accountants' compilation report.

## NOTES TO FINANCIAL STATEMENTS--CONTINUED

### FRIENDS OF CASCO BAY

March 31, 2015 and 2014

#### 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 year ended March 31, 2015 was \$54,574.

The Organization estimates future payments to be as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2016	\$ 40,839
2017	41,107
2018	<u>27,835</u>
Total	<u>\$ 109,781</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.

See independent accountants' compilation report.