

FRIENDS OF CASCO BAY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

FRIENDS OF CASCO BAY

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
Friends of Casco Bay

Management is responsible for the accompanying financial statements of Friends of Casco Bay (a nonprofit organization), which comprise the statements of financial position as of March 31, 2019 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.

The 2018 financial statements of Friends of Casco Bay were compiled by Dawson, Smith, Purvis and Bassett, P.A. whose practice was combined with Marcum LLP as of January 2, 2019, and whose report dated November 9, 2018 stated that they did not audit or review the 2018 financial statements and, accordingly, they did not express an opinion, a conclusion, nor provide any form of assurance on those financial statements.

Marcum LLP

Portland, Maine
January 31, 2020



FRIENDS OF CASCO BAY

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2019 AND 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 151,643	\$ 150,073
Contingency fund cash	108,129	108,129
Climate change and Casco Bay fund cash	138,548	--
Accounts receivable, net of allowance of \$70 and \$180 at March 31, 2019 and 2018, respectively	17,448	5,490
Promises to give	50	12,500
Prepaid expenses	33,685	10,820
Total Current Assets	449,503	287,012
Property and Equipment		
Equipment and furnishings	67,411	75,092
Vehicle	31,441	31,441
Boats	465,658	284,831
Total Property and Equipment	564,510	391,364
Less accumulated depreciation	269,783	249,249
Net Property and Equipment	294,727	142,115
Other Assets		
Beneficial interest in assets held by others	722,632	742,872
Boats fund investments	99,847	107,119
Advocacy fund investments	48,954	57,527
Climate change and Casco Bay fund certificate of deposit	100,200	-
Total Other Assets	971,633	907,518
Total Assets	\$ 1,715,863	\$ 1,336,645

See accompanying notes and accountants' compilation report.

FRIENDS OF CASCO BAY

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

MARCH 31, 2019 AND 2018

	2019	2018
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,573	\$ 7,526
Other current liabilities	7,925	2,025
Deferred revenue	1,290	--
Accrued vacation	<u>33,688</u>	<u>35,231</u>
Total Current Liabilities	<u>44,476</u>	<u>44,782</u>
Net Assets		
Without donor restrictions	536,175	381,774
With donor restrictions	<u>1,135,212</u>	<u>910,089</u>
Total Net Assets	<u>1,671,387</u>	<u>1,291,863</u>
Total Liabilities and Net Assets	<u>\$ 1,715,863</u>	<u>\$ 1,336,645</u>

See accompanying notes and accountants' compilation report.

FRIENDS OF CASCO BAY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

	Year Ended March 31, 2019			Year Ended March 31, 2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Activity				
Operating Revenues				
Individual gifts	\$ 342,507	\$ --	\$ 342,507	\$ 342,419
Corporate gifts	36,875	--	36,875	46,699
Foundation grants	155,584	25,000	180,584	161,026
Government grants and contracts	129,086	--	129,086	99,614
Nonprofit contributions	18,714	--	18,714	29,153
In-kind gifts	86,792	--	86,792	118,369
Fundraising events	27,850	--	27,850	39,721
Investment income	979	--	979	129
Miscellaneous income	14,373	--	14,373	6,600
Transfers from beneficial interest in assets held by others to operations, net	58,127	(58,127)	--	26,503
Net assets released from restrictions	<u>2,573</u>	<u>(2,573)</u>	<u>--</u>	<u>--</u>
Total Operating Revenues	873,460	(35,700)	837,760	870,233
Program Service Expenses				
Baykeeper operations	362,909	--	362,909	392,760
Water quality monitoring program	127,828	--	127,828	184,572
Pumpout boat program	<u>51,443</u>	<u>--</u>	<u>51,443</u>	<u>45,535</u>
Total Program Services	542,180	--	542,180	622,867
Management and general expenses	124,080	--	124,080	120,912
Fundraising expenses	151,565	--	151,565	139,752
Special events	<u>84,284</u>	<u>--</u>	<u>84,284</u>	<u>94,440</u>
Total Operating Expenses	902,109	--	902,109	977,971
Changes in Net Assets from Operations	(28,649)	(35,700)	(64,349)	(107,738)
Nonoperating Activity				
Gifts for property and equipment	--	421,050	421,050	--
Other contributions	--	--	--	100
Investment income	--	9,737	9,737	7,064
Net realized and unrealized investment gains	--	26,347	26,347	81,920
Investment fees	--	(13,261)	(13,261)	(13,415)
Net assets released from restrictions	<u>183,050</u>	<u>(183,050)</u>	<u>-</u>	<u>-</u>
Changes in Net Assets from Nonoperating Activity	183,050	260,823	443,873	75,669
Total Changes in Net Assets	154,401	225,123	379,524	(32,069)
Net Assets at Beginning of Year	381,774	910,089	1,291,863	1,323,932
Net Assets at End of Year	<u>\$ 536,175</u>	<u>\$ 1,135,212</u>	<u>\$ 1,671,387</u>	<u>\$ 1,291,863</u>

See accompanying notes and accountants' compilation report.

FRIENDS OF CASCO BAY

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2019

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	Total Programs	Management & General	Fundraising Expenses	Special Events	Total Expenses
Personnel								
Salaries and wages	\$ 234,585	\$ 61,897	\$ 26,244	\$ 322,726	\$ 90,368	\$ 87,476	\$ 17,922	\$ 518,492
Employee benefits and taxes	<u>49,165</u>	<u>16,052</u>	<u>2,640</u>	<u>67,857</u>	<u>16,938</u>	<u>19,316</u>	<u>4,174</u>	<u>108,285</u>
	283,750	77,949	28,884	390,583	107,306	106,792	22,096	626,777
Other Expenses								
Advertising	1,600	--	--	1,600	--	--	146	1,746
Bank and processing fees	--	--	--	--	103	2,940	--	3,043
Boat and truck operation	1,861	10,622	32	12,515	--	--	142	12,657
Computers and server expenses	2,682	836	308	3,826	1,190	936	255	6,207
Conferences, seminars, meetings	983	197	35	1,215	137	107	29	1,488
Copier/printer expenses	1,190	451	166	1,807	643	505	138	3,093
Boat and truck depreciation	4,788	18,354	3,685	26,827	--	--	329	27,156
Other depreciation	--	--	--	--	1,059	--	--	1,059
Dues, licenses, publications	2,219	341	220	2,780	485	1,131	1,504	5,900
Equipment	--	874	--	874	--	--	--	874
In-kind expenses	26,748	534	4,564	31,846	542	8,941	45,463	86,792
Insurance	894	1,953	2,114	4,961	483	380	103	5,927
Laboratory fees	--	2,219	--	2,219	--	--	--	2,219
Payroll processing fees	2,004	551	204	2,759	758	753	156	4,426
Printing and postage	11,536	1,303	822	13,661	558	11,802	2,624	28,645
Professional fees	3,118	3,178	2,994	9,290	1,112	10,926	238	21,566
Rents	7,753	2,717	1,001	11,471	4,795	3,041	6,184	25,491
Repairs and maintenance	354	1,852	3,767	5,973	191	150	41	6,355
Supplies	4,306	1,795	1,665	7,766	2,526	1,395	4,351	16,038
Telephone	2,723	1,182	235	4,140	908	1,061	194	6,303
Travel	3,790	689	662	5,141	954	446	220	6,761
Utilities	<u>610</u>	<u>231</u>	<u>85</u>	<u>926</u>	<u>330</u>	<u>259</u>	<u>71</u>	<u>1,586</u>
	<u>\$ 362,909</u>	<u>\$ 127,828</u>	<u>\$ 51,443</u>	<u>\$ 542,180</u>	<u>\$ 124,080</u>	<u>\$ 151,565</u>	<u>\$ 84,284</u>	<u>\$ 902,109</u>

See accompanying notes and accountants' compilation report.

FRIENDS OF CASCO BAY

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2018

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	Total Programs	Management & General	Fundraising Expenses	Special Events	Total Expenses
Personnel								
Salaries and wages	\$ 241,005	\$ 75,753	\$ 27,094	\$ 343,852	\$ 86,869	\$ 79,577	\$ 29,220	\$ 539,518
Employee benefits and taxes	55,807	10,756	2,555	69,118	16,094	19,600	7,295	112,107
	<u>296,812</u>	<u>86,509</u>	<u>29,649</u>	<u>412,970</u>	<u>102,963</u>	<u>99,177</u>	<u>36,515</u>	<u>651,625</u>
Other Expenses								
Advertising	1,540	--	--	1,540	--	--	248	1,788
Bank and processing fees	14	5	2	21	340	2,307	2	2,670
Boat and truck operation	3,387	5,496	4,387	13,270	--	--	9	13,279
Computers and server expenses	1,377	503	158	2,038	678	515	237	3,468
Conferences, seminars, meetings	2,452	547	13	3,012	57	43	20	3,132
Copier and printere expenses	3,367	1,230	387	4,984	1,657	1,259	580	8,480
Bad pledge expense	--	--	--	--	--	3,500	--	3,500
Boat and truck depreciation	11,009	12,551	3,596	27,156	--	--	--	27,156
Other depreciation	--	--	--	--	2,870	--	3,250	6,120
Dues, licenses, publications	2,126	241	76	2,443	325	1,151	114	4,033
Equipment	--	9,678	--	9,678	--	1,433	--	11,111
In-kind expenses	27,603	51,296	3,539	82,438	991	6,533	28,407	118,369
Insurance	972	1,919	112	3,003	479	364	167	4,013
Laboratory fees	--	2,549	--	2,549	--	--	--	2,549
Payroll processing fees	1,790	522	179	2,491	621	598	221	3,931
Printing and postage	11,785	878	117	12,780	474	11,571	8,314	33,139
Professional fees	3,501	775	244	4,520	1,044	5,378	1,732	12,674
Rents	10,244	2,701	851	13,796	3,164	2,764	10,561	30,285
Repairs and maintenance	397	145	46	588	195	148	68	999
Software and tools	1,605	357	112	2,074	481	365	168	3,088
Supplies	5,610	4,254	1,005	10,869	1,889	1,374	3,188	17,320
Telephone	2,723	937	992	4,652	792	912	277	6,633
Travel	3,989	1,312	17	5,318	1,667	189	283	7,457
Utilities	457	167	53	677	225	171	79	1,152
	<u>\$ 392,760</u>	<u>\$ 184,572</u>	<u>\$ 45,535</u>	<u>\$ 622,867</u>	<u>\$ 120,912</u>	<u>\$ 139,752</u>	<u>\$ 94,440</u>	<u>\$ 977,971</u>

See accompanying notes and accountants' compilation report.

FRIENDS OF CASCO BAY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Changes in net assets	\$ 379,524	\$ (32,069)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	28,215	33,276
Net realized and unrealized investment gains	(26,347)	(81,920)
Changes in operating assets and liabilities:		
Accounts receivable	(11,958)	14,179
Promises to give	12,450	(3,750)
Prepaid expenses	(22,865)	2,861
Accounts payable	(5,953)	4,733
Other current liabilities	5,900	87
Deferred revenue	1,290	(3,900)
Accrued vacation	(1,543)	(2,908)
Retirement fund liability	--	(26,503)
Net Cash Provided by (Used in) Operating Activities	358,713	(95,914)
Cash Flows from Investing Activities		
Purchases of property and equipment	(180,827)	--
Transfers to beneficial interest in assets held by others	--	(100)
Transfers from beneficial interest in assets held by others	58,127	62,967
Net investment fees paid from beneficial interest in assets held by others	4,305	6,580
Investment in certificate of deposit	(100,000)	--
Reinvested interest in certificate of deposit	(200)	--
Net Cash (Used in) Provided by Investing Activities	(218,595)	69,447
Net Change in Cash and Cash Equivalents	140,118	(26,467)
Cash and Cash Equivalents - Beginning of Year	258,202	284,669
Cash and Cash Equivalents - End of Year	\$ 398,320	\$ 258,202
 Operating cash	 \$ 151,643	 \$ 150,073
Contingency fund cash	108,129	108,129
Climate change and Casco Bay fund cash	138,548	
	<u>\$ 398,320</u>	<u>\$ 258,202</u>

See accompanying notes and accountants' compilation report.

FRIENDS OF CASCO BAY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

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 financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Under the accrual basis, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred, regardless of the timing of the related cash flows.

ADOPTION OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2016-14 (“ASU 2016-14”), *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Among other provisions, ASU 2016-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and enhances disclosures about management of liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date. The Organization adopted the provisions of this guidance on April 1, 2019 and was applied retrospectively to April 1, 2018 for comparative purposes.

BASIS OF PRESENTATION

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions represent those assets that are not subject to donor-imposed stipulations or releases from donor restricted net assets designated for stipulated activities or programs.

FRIENDS OF CASCO BAY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent those assets that are subject to explicit or implicit donor-imposed stipulations that may or will be met whether by actions of the Organization and/or the passage of time. When the restriction expires, the net assets are reclassified to net assets without donor restrictions. Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specific date, for particular programs or services. Other donors impose restrictions which are perpetual in nature, for example, stipulating that resources be maintained in perpetuity.

Net realized and unrealized gains and losses on investments are allocated to net assets with donor restrictions. In the event that the balance of net realized and unrealized gains included in net assets with donor restrictions is reduced to zero, any remaining losses shall be allocated to net assets without donor restrictions.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid savings deposits and investments with maturities of three months or less when purchased to be cash equivalents.

ACCOUNTS RECEIVABLE

Accounts receivable is recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts. Accounts are considered past due once the unpaid balance is 30 days or more outstanding unless payment terms are extended by contract. When an account is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off against the allowance balance.

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, 2019 and 2018, the allowance for doubtful accounts was \$70 and \$180, respectively.

PROPERTY AND EQUIPMENT

The Organization records property and equipment at cost, or fair market value if donated, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from five to ten years.

FRIENDS OF CASCO BAY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT (CONTINUED)

Purchases are determined to be capital expenditures based upon the Organization's policy of capitalizing expenditures for major improvements. Those items which are not determined to be capital expenditures are immediately expensed.

Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and gains or losses are included in the statements of activities and changes in net assets or the statements of functional expenses, respectively.

Donations of property and equipment are recorded as contribution at their estimated value at the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

Property and equipment held and used by the Organization are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. There were no impairment charges taken during the years ended March 31, 2019 and 2018.

REVENUE RECOGNITION

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of donor restrictions. When a restriction has been met or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as without donor restrictions.

FUNCTIONAL ALLOCATION OF EXPENSES

The Organization allocated 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.

FRIENDS OF CASCO BAY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimate and assumption that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense was \$1,746 and \$1,788 for the years ended March 31, 2019 and 2018, respectively.

INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509 of the Internal Revenue Code. There was no unrelated business income for 2019 or 2018. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization recognizes and measures its unrecognized tax positions and assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. Interest and penalties paid associated with unrecognized tax positions if any, would be classified as interest expense and additional income taxes, respectively in the statement of activities and changes in net assets. The Organization did not identify any uncertain tax positions at March 31, 2019 and 2018. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods pending or in progress.

DONATED SERVICES

The Organization records amounts for donated services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation.

FRIENDS OF CASCO BAY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECLASSIFICATIONS

Certain amounts in the 2018 financial statements have been classified for comparative purposes to conform with the presentation in the 2019 financial statements.

CONTRIBUTIONS

Contributions received are recorded as without donor restricted or with donor restrictions support when received, depending on the existence or nature of donor restrictions. Promises to give are recorded as with donor restrictions until collected. When a restriction has been met or expires, these promises are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of assets other than cash are recorded at their estimated fair 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 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 without donor restrictions 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 with donor restrictions net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

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.

FRIENDS OF CASCO BAY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

As more fully described in Note 3, 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 non-operating revenue.

NOTE 2 -- 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.

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.

NOTE 3 -- 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.

FRIENDS OF CASCO BAY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 3 -- BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (CONTINUED)

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, 2019 and 2018, the endowment fund had fair values of \$722,632 and \$742,872, 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 net assets with donor restrictions 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 restricted for future boat purchases, repairs and maintenance. The Emeritus Fund for Advocacy is 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, 2019 and 2018 was \$99,847 and \$107,119, respectively. The balance of the Emeritus Fund for Advocacy as of March 31, 2019 and 2018 was \$48,954 and \$57,527, respectively.

NOTE 4 -- CERTIFICATE OF DEPOSIT

The Organization had a certificate of deposit of \$100,200 as of March 31, 2019. The certificate bears interest at 2.55% and matures on March 22, 2020 with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

NOTE 5 -- LINE OF CREDIT

At March 31, 2019 and 2018, the Organization had a line of credit available for \$50,000. There was no balance outstanding at March 31, 2019 or 2018. 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 net book value of assets that are pledged for the line of credit was \$312,226 as of March 31, 2019.

FRIENDS OF CASCO BAY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 6 -- NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are as follows as of March 31:

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Undesignated	\$ 133,319	\$ 131,530
Cash designated for contingencies	76,566	76,566
Cash designated for legal fee contingencies	31,563	31,563
Net investment in property and equipment	<u>294,727</u>	<u>142,115</u>
Totals	<u>\$ 536,175</u>	<u>\$ 381,774</u>

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at March 31, may be expended for:

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Subject to Expenditure for Specified Purpose:		
Baykeeping fund	\$ 722,632	\$ 742,872
Boats fund	99,847	107,119
Advocacy fund	48,954	57,527
Climate change and Casco Bay fund	238,779	--
Other program funds	<u>25,000</u>	<u>2,571</u>
Totals	<u>\$ 1,135,212</u>	<u>\$ 910,089</u>

FRIENDS OF CASCO BAY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 8 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the years ended March 31, as follows:

	Year Ended March 31, 2019	Year Ended March 31, 2018
Baykeeping fund	\$ 38,127	\$ 42,968
Boats fund	10,000	10,000
WQM Kits	--	7,500
Various	2,573	6,125
Climate change and Casco Bay fund	12,000	--
Pumpout boat purchase	171,050	--
Advocacy fund	<u>10,000</u>	<u>10,000</u>
Net assets released from restrictions	<u>\$ 243,750</u>	<u>\$ 76,593</u>

NOTE 9 -- IN-KIND CONTRIBUTIONS

In-kind contributions are valued at the fair value of the services or goods received.

During the years ended March 31, 2019 and 2018, in-kind contributions consisted of the following:

	Year Ended March 31, 2019	Year Ended March 31, 2018
Water quality monitoring	\$ 534	\$ 51,296
Baykeeper	26,748	27,603
Pumpout	4,564	3,539
Fundraising	8,941	6,533
Special events	45,463	28,407
Office equipment, supplies, and meetings	<u>542</u>	<u>991</u>
	<u>\$ 86,792</u>	<u>\$ 118,369</u>

FRIENDS OF CASCO BAY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 10 -- LEASE

The Organization rents its office location from Southern Maine Community College. The Organization rents on a month-to-month basis at a monthly amount of \$1,552. The Organization also rents event space on an as needed basis. Office and other rent expense for the years ended March 31, 2019 and 2018 was \$25,491 and \$30,285, respectively.

NOTE 11 -- RETIREMENT PLAN

The Organization has a tax deferred annuity plan established under Section 403(b) of the Internal Revenue Code. All employees scheduled to work 20 or more hours per week are eligible to participate and may elect to defer compensation up to the maximum amount allowed under the Code. In addition, the Organization makes matching contributions for eligible employees. The Organization's contributions for the year ended March 31, 2019 and 2018 were \$19,858 and \$19,688, respectively.

NOTE 12 -- 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 made 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 accepted employment with an employer of more than 20 hours per week or the date of the former Baykeeper's death. The Organization also paid 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, 2019 and 2018 was \$0 and \$29,646, respectively. As of November 2017, the Organization had satisfied all terms of this agreement and no further obligations are due.

FRIENDS OF CASCO BAY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's working capital and cash flows have fluctuations during the year attributable to timing of contributions and other revenue and support. The following reflects the Organization's financial assets as of March 31, reduced by amounts not available for general use within one year of the statements of financial position. Amounts not available include net assets with donor-imposed restrictions.

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Financial assets available at year end:		
Cash and cash equivalents	\$ 398,320	\$ 258,202
Certificate of deposit	100,200	--
Beneficial interest in assets held by others	<u>871,433</u>	<u>907,518</u>
Total financial assets available within one year	1,369,953	1,165,720
Less:		
Amounts unavailable for general expenditures within one year due to donor restrictions	<u>1,110,181</u>	<u>907,518</u>
Financial assets available to meet general expenditures over the next 12 monts	<u>\$ 259,772</u>	<u>\$ 258,202</u>

The Organization also has a line of credit available with a maximum borrowing capacity of \$50,000.

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient animal adoption fees and other revenues, by utilizing donor-restricted resources and prior years' gifts and by appropriating the investment return on its board-designated funds as needed. The statements of cash flows identifies the sources and uses of the Organization's cash and shows net cash provided by (used in) operating activities of \$358,713 and (\$95,914) for the years ended March 31, 2019 and 2018, respectively.

FRIENDS OF CASCO BAY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 14 -- SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through January 31, 2020, the date the financial statements were available to be issued, and has not identified any matters requiring recognition or disclosure in the financial statements.