FRIENDS OF CASCO BAY

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

FRIENDS OF CASCO BAY

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MARCUM
ACCOUNTANTS ▲ ADVISORS

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 positions as of March 31, 2020 and 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.

Marcum LLP

Portland, Maine
February 23, 2021

FRIENDS OF CASCO BAY

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2020 AND 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 20,123	$ 151,643
Contingency fund cash	291,738	108,129
Climate change and Casco Bay fund cash	484,885	138,548
Accounts receivable, net of allowance of $0 and $70 at March 31, 2020 and 2019, respectively	29,401	17,448
Promises to give	270,360	50
Prepaid expenses	25,051	33,685
Total Current Assets	1,121,558	449,503
Property and Equipment		
Equipment and furnishings	45,065	67,411
Vehicle	31,441	31,441
Boats	415,535	465,658
Total Property and Equipment	492,041	564,510
Less accumulated depreciation	244,713	269,783
Net Property and Equipment	247,328	294,727
Other Assets		
Beneficial interest in assets held by others	648,980	722,632
Boats fund investments	84,945	99,847
Advocacy fund investments	37,511	48,954
Climate change and Casco Bay fund certificate of deposit	102,754	100,200
Total Other Assets	874,190	971,633
Total Assets	$ 2,243,076	$ 1,715,863

See accompanying notes and accountants' compilation report.

FRIENDS OF CASCO BAY

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

MARCH 31, 2020 AND 2019

	2020	2019
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 1,444	$ 1,573
Other current liabilities	2,003	7,925
Deferred revenue	--	1,290
Accrued vacation	34,930	33,688
Total Current Liabilities	38,377	44,476
Net Assets		
Without donor restrictions	517,919	536,175
With donor restrictions	1,686,780	1,135,212
Total Net Assets	2,204,699	1,671,387
Total Liabilities and Net Assets	$ 2,243,076	$ 1,715,863

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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	Year Ended March 31, 2020			Year Ended March 31, 2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Activity				
Operating Revenues				
Individual gifts	$ 396,936	$ 45,000	$ 441,936	$ 342,507
Corporate gifts	48,048	--	48,048	36,875
Foundation grants	190,550	15,000	205,550	180,584
Government grants and contracts	132,152	--	132,152	129,086
Nonprofit contributions	16,697	--	16,697	18,714
In-kind gifts	84,845	--	84,845	86,792
Fundraising events	34,125	--	34,125	27,850
Investment income	2,096	--	2,096	979
Miscellaneous income	22,125	--	22,125	14,373
Gain on sale of property and equipment	2,706	--	2,706	--
Transfers from beneficial interest in assets held by others to operations, net	57,069	(57,069)	--	--
Net assets released from restrictions	91,000	(91,000)	--	--
Total Operating Revenues	1,078,349	(88,069)	990,280	837,760
Program Service Expenses				
Baykeeper operations	389,957	--	389,957	362,909
Water quality monitoring program	208,693	--	208,693	127,828
Pumpout boat program	99,236	--	99,236	51,443
Total Program Services	697,886	--	697,886	542,180
Management and general expenses	131,576	--	131,576	124,080
Fundraising expenses	180,535	--	180,535	151,565
Special events	86,608	--	86,608	84,284
Total Operating Expenses	1,096,605	--	1,096,605	902,109
Changes in Net Assets from Operations	(18,256)	(88,069)	(106,325)	(64,349)
Nonoperating Activity				
Gifts for future use	--	677,391	677,391	421,050
Investment income	--	11,227	11,227	9,737
Net realized and unrealized investment gains (losses)	--	(35,449)	(35,449)	26,347
Investment fees	--	(13,532)	(13,532)	(13,261)
Changes in Net Assets from Nonoperating Activity	--	639,637	639,637	443,873
Total Changes in Net Assets	(18,256)	551,568	533,312	379,524
Net Assets at Beginning of Year	536,175	1,135,212	1,671,387	1,291,863
Net Assets at End of Year	$ 517,919	$ 1,686,780	$ 2,204,699	$ 1,671,387

See accompanying notes and accountants' compilation report.

FRIENDS OF CASCO BAY

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2020

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	Total Programs	Management & General	Fundraising Expenses	Special Events	Total Expenses
Personnel								
Salaries and wages	$ 241,754	$ 67,022	$ 36,299	$ 345,075	$ 99,226	$ 102,885	$ 17,369	$ 564,555
Employee benefits and taxes	54,064	19,416	4,182	77,662	18,665	22,084	3,996	122,407
	295,818	86,438	40,481	422,737	117,891	124,969	21,365	686,962
Other Expenses								
Advertising	1,834	--	--	1,834	--	--	49	1,883
Bank and processing fees	--	--	--	--	645	3,311	--	3,956
Boat and truck operation	140	16,521	4,037	20,698	--	--	47	20,745
Computers and server expenses	2,522	1,389	641	4,552	1,334	9,947	218	16,051
Conferences, seminars, meetings	3,543	862	117	4,522	243	358	40	5,163
Copier/printer expenses	968	535	247	1,750	513	471	84	2,818
Bad pledge expense	--	--	--	--	--	50	--	50
Boat and truck depreciation	--	23,471	16,576	40,047	--	--	--	40,047
Other depreciation	1,060	--	--	1,060	--	--	--	1,060
Dues, licenses, publications	2,464	452	277	3,193	433	1,342	1,681	6,649
Equipment	--	45,553	--	45,553	--	--	--	45,553
In-kind expenses	18,534	5,159	5,339	29,032	300	930	54,583	84,845
Insurance	904	2,330	2,867	6,101	478	439	78	7,096
Payroll processing fees	2,102	615	288	3,005	838	888	151	4,882
Printing and postage	16,358	1,308	2,948	20,614	751	18,694	2,098	42,157
Professional fees	14,348	6,671	1,160	22,179	1,065	1,277	174	24,695
Rents	6,407	3,531	2,679	12,617	4,014	9,543	3,694	29,868
Repairs and maintenance	551	3,931	14,259	18,741	291	267	48	19,347
Software and tools	1,710	178	33	1,921	69	63	11	2,064
Supplies	13,561	7,167	6,127	26,855	1,405	5,866	2,103	36,229
Telephone	2,500	1,400	1,005	4,905	874	960	143	6,882
Travel	4,154	918	33	5,105	179	928	--	6,212
Utilities	479	264	122	865	253	232	41	1,391
	$ 389,957	$ 208,693	$ 99,236	$ 697,886	$ 131,576	$ 180,535	$ 86,608	$ 1,096,605

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	49,165	16,052	2,640	67,857	16,938	19,316	4,174	108,285
	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 and printere 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	610	231	85	926	330	259	71	1,586
	$ 362,909	$ 127,828	$ 51,443	$ 542,180	$ 124,080	$ 151,565	$ 84,284	$ 902,109

See accompanying notes and accountants' compilation report.

FRIENDS OF CASCO BAY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities		
Changes in net assets	$ 533,312	$ 379,524
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	41,107	28,215
Gain on sale of property and equipment	(2,706)	--
Net realized and unrealized investment (gains) losses	34,987	(26,347)
Changes in operating assets and liabilities:		
Accounts receivable	(11,953)	(11,958)
Promises to give	(270,310)	12,450
Prepaid expenses	8,634	(22,865)
Accounts payable	(129)	(5,953)
Other current liabilities	(5,922)	5,900
Deferred revenue	(1,290)	1,290
Accrued vacation	1,242	(1,543)
Net Cash Provided by Operating Activities	326,972	358,713
Cash Flows from Investing Activities		
Purchases of property and equipment	--	(180,827)
Proceeds from sale of property and equipment	9,000	--
Transfers from beneficial interest in assets held by others	57,069	58,127
Net investment fees paid from beneficial interest in assets held by others	8,679	4,305
Investment in Advocacy Fund	(740)	--
Investment in certificate of deposit	--	(100,000)
Reinvested interest in certificate of deposit	(2,554)	(200)
Net Cash (Used in) Provided by Investing Activities	71,454	(218,595)
Net Change in Cash and Cash Equivalents	398,426	140,118
Cash and Cash Equivalents - Beginning of Year	398,320	258,202
Cash and Cash Equivalents - End of Year	$ 796,746	$ 398,320

	2020	2019
Operating cash	$ 20,123	$ 151,643
Contingency fund cash	291,738	108,129
Climate change and Casco Bay fund cash	484,885	138,548
	$ 796,746	$ 398,320

See accompanying notes and accountants' compilation report.

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. 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 STANDARD

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new comprehensive revenue recognition framework, "ASC 606", which requires Organizations to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods and services (ASU 2014-09). The FASB also issued implementation guidance in March 2016, April 2016 and May 2016 – ASU's 2016-08, 2016-10 and 2016-12, respectively. The Organization adopted the requirements of the new revenue recognition as of April 1, 2019, utilizing the modified retrospective transition method. A practical expedient was applied for contracts that began and ended in the same year. Though these contracts were not restated, the effect of applying this practical expedient was not significant to the financial statements.

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.

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, 2020 and 2019, the allowance for doubtful accounts was $0 and $70, respectively.

PROPERTY AND EQUIPMENT

The Organization records property and equipment at cost, or fair 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.

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 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.

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 net assets with donor restrictions.

IMPAIRMENT OF LONG-LIVED ASSETS

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, 2020 and 2019.

REVENUE RECOGNITION

The Organization recognizes revenues and other program revenues in the period in which the funds are earned. Contributions earned 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 expired, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is earned, the Organization reports the contribution as without donor restrictions.

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

FUNCTIONAL ALLOCATION OF EXPENSES

The costs associated with program expenses, management and general expenses, and fundraising and special event expenses have been summarized on a functional basis in the statements of functional expenses. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Salaries and benefits are allocated based on specific time allocation. Other expenses are allocated by the percentage of payroll expenses of the related department.

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 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 $1,883 and $1,746 for the years ended March 31, 2020 and 2019, 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 2020 or 2019. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

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

INCOME TAXES (CONTINUED)

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, 2020 and 2019. 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.

CONTRIBUTIONS

Contributions received are recorded as without donor restrictions 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.

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

CONTRIBUTIONS (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 due within one year.

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 and changes in net assets 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.

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, 2020 and 2019, the endowment fund had fair values of $648,980 and $722,632, 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, 2020 and 2019 were $84,945 and $99,847, respectively. The balance of the Emeritus Fund for Advocacy as of March 31, 2020 and 2019 were $37,511 and $48,954, respectively.

NOTE 4 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable assets or liabilities (level 3 measurements). The three levels of the fair value measurements under FASB ASC 820 are described as follows:

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities that the Association has the ability to access.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in inactive markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2020 and 2019.

Beneficial Interest in Assets Held by Others and Other Investments: Valued based on the observable net asset value ("NAV") of the underlying investment or the net asset value of the underlying pool of securities. The NAV of these accounts is not a public-quoted price in an active market. There are currently no participant redemption restrictions on these investments; the redemption notice period is applicable only to the Maine Community Foundation (MCF).

NOTE 5 – CERTIFICATE OF DEPOSIT

The Organization had a certificate of deposit of $102,754 and $100,200 as of March 31, 2020 and 2019, respectively. The certificate was renewed on March 22, 2020, bearing interest at 0.05% at March 31, 2020 (2.55% at March 31, 2019), and matures on April 22, 2021 with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

NOTE 6 -- LINE OF CREDIT

At March 31, 2020 and 2019, the Organization has a line of credit available for $50,000. There was no balance outstanding at March 31, 2020 or 2019. 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 consisting of receivables and property and equipment was $547,088 as of March 31, 2020.

NOTE 7 -- NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	2020	2019
Undesignated	$ 162,462	$ 133,319
Cash designated for contingencies	76,566	76,566
Cash designated for legal fee contingencies	31,563	31,563
Net investment in property and equipment	247,328	294,727
Totals	$ 517,919	$ 536,175

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Subject to Expenditure for Specified Purpose:		
Baykeeping fund	$ 648,980	$ 722,632
Boats fund	84,945	99,847
Advocacy fund	37,511	48,954
Climate change and Casco Bay fund	854,069	238,779
Other program funds	61,275	25,000
Totals	$ 1,686,780	$ 1,135,212

NOTE 9 – 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:

	2020	2019
Baykeeping fund	$ 37,069	$ 38,127
Boats fund	10,000	10,000
Various	25,000	2,573
Climate change and Casco Bay fund	66,000	12,000
Pumpout boat purchase	--	171,050
Advocacy fund	10,000	10,000
Net assets released from restrictions	$ 148,069	$ 243,750

NOTE 10 -- IN-KIND CONTRIBUTIONS

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

During the years ended March 31, 2020 and 2019, in-kind contributions consisted of the following:

	2020	2019
Water quality monitoring	$ 5,159	$ 534
Baykeeper	18,534	26,748
Pumpout	5,339	4,564
Fundraising	400	8,941
Special events	55,113	45,463
Office equipment, supplies, and meetings	300	542
	$ 84,845	$ 86,792

NOTE 11 -- 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, 2020 and 2019 were $29,868 and $25,491, respectively.

NOTE 12 -- 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 years ended March 31, 2020 and 2019 was $21,554 and $19,858, respectively.

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.

	2020	2019
Financial assets available at year end:		
Cash and cash equivalents	$ 796,745	$ 398,320
Certificate of deposit	102,754	100,200
Beneficial interest in assets held by others	771,437	871,433
Total financial assets available within one year	1,670,936	1,369,953
Less:		
Amounts unavailable for general expenditures within one year due to donor restrictions	1,359,076	1,110,181
Financial assets available to meet general expenditures over the next 12 monts	$ 311,860	$ 259,772

NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

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 operating activities of $326,972 and $358,713 for the years ended March 31, 2020 and 2019, respectively.

NOTE 14 -- SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through February 23, 2021, the date the financial statements were available to be issued, and has not identified any matters requiring recognition or disclosure in the financial statements.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. The related financial impact and duration cannot be reasonably estimated at this time.

On April 20, 2020, the Organization entered into a Promissory Note dated April 17, 2020 (the "PPP Note") with Key Bank as the lender (the "Lender") pursuant to which the Lender agreed to make a loan to the Organization under the Paycheck Protection Program (the "PPP Loan") offered by the U.S. Small Business Administration (the "SBA") in a principal amount of $130,600 pursuant to Title 1 of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act").

The PPP Loan proceeds are available to be used to pay for payroll costs, including salaries, commissions, and similar compensation, group health care benefits and paid leave; rent; utilities; and interest on certain other outstanding debt. The amount that will be forgiven will be calculated in part with reference to the Organization's full time headcount during the eight week period following the funding of the PPP Loan.

NOTE 14 -- SUBSEQUENT EVENTS (CONTINUED)

The interest rate on the PPP Note is a fixed rate of 1% per annum. To the extent that the amounts owed under the PPP Loan, or a portion of them, are not forgiven, the Organization will be required to make principal and interest payments in monthly installments beginning seven months from April 2020. The PPP Note matures in two years.

The PPP Note includes events of default. Upon the occurrence of an event of default, the Lender will have the right to exercise remedies against the Organization, including the right to require immediate payment of all amounts due under the PPP Note.