

FRIENDS OF CASCO BAY

FINANCIAL REPORT

March 31, 2023 and 2022

FRIENDS OF CASCO BAY

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Friends of Casco Bay
South Portland, Maine 04106

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, 2023 and 2022 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. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Nicholson, Michael & Nadeau

Waterville, Maine
August 16, 2023

FRIENDS OF CASCO BAY
STATEMENTS OF FINANCIAL POSITION

MARCH 31,

ASSETS

	2023	2022
Current Assets		
Cash and cash equivalents	\$ 98,341	\$ 150,655
Contingency fund cash	772,571	636,946
Climate change and Casco Bay fund cash	285,821	250,213
Accounts receivable, net of allowance of \$0 at March 31, 2023 and 2022	7,010	3,219
Promises to give, current portion	43,622	45,405
Prepaid expenses	5,750	4,969
Total Current Assets	1,213,115	1,091,407
Property and Equipment		
Equipment and furnishings	70,235	70,235
Vehicle	31,441	31,441
Boats	415,535	415,535
Monitoring equipment	143,857	143,857
Accumulated depreciation	(424,117)	(348,758)
Net Property and Equipment	236,951	312,310
Other Assets		
Promises to give, long-term portion	7,300	95,500
Interest in assets held by MCF (see Notes 3 and 4)	1,356,337	1,426,877
Total Other Assets	1,363,637	1,522,377
Total Assets	\$ 2,813,703	\$ 2,926,094

See Accompanying Independent Accountant's Compilation Report

FRIENDS OF CASCO BAY
STATEMENTS OF FINANCIAL POSITION

MARCH 31,

LIABILITIES and NET ASSETS

	2023	2022
Current Liabilities		
Accounts payable	\$ 4,859	\$ 7,525
Other current liabilities	2,003	2,003
Accrued vacation	41,636	28,805
Accrued payroll	14,221	-
Deferred revenue	800	9,000
Total Current Liabilities	63,519	47,333
Net Assets		
Without donor restrictions	918,677	892,657
With donor restrictions	1,831,507	1,986,104
Total Net Assets	2,750,184	2,878,761
Total Liabilities and Net Assets	\$ 2,813,703	\$ 2,926,094

See Accompanying Independent Accountant's Compilation Report

FRIENDS OF CASCO BAY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activity			
Operating Revenues			
Individual gifts	\$ 700,785	\$ -	\$ 700,785
Corporate gifts	44,045	-	44,045
Foundation grants	173,763	-	173,763
Government grants and contracts	116,107	-	116,107
Nonprofit contributions	12,658	-	12,658
In-kind gifts	96,995	-	96,995
Fundraising events	20,902	-	20,902
Investment loss	(168)	(142)	(310)
Miscellaneous income	8,478	-	8,478
Transfers from interests in assets held by MCF	15,000	(15,000)	-
Net assets released from restrictions	75,000	(75,000)	-
Total Operating Revenues	1,263,565	(90,142)	1,173,423
Operating Expenses			
Program services			
Baykeeper operations	390,160	-	390,160
Water quality monitoring program	224,280	-	224,280
Pumpout boat program	124,885	-	124,885
Supporting services:			
Management and general expenses	260,825	-	260,825
Fundraising expenses	237,395	-	237,395
Total Operating Expenses	1,237,545	-	1,237,545
Changes in Net Assets from Operations	26,020	(90,142)	(64,122)
Nonoperating Activity			
Gifts for future use	-	2,000	2,000
Decrease in interest in assets held by MCF (see Note 3)	-	(66,455)	(66,455)
Total Nonoperating Activity	-	(64,455)	(64,455)
Changes in Net Assets	26,020	(154,597)	(128,577)
Net Assets at Beginning of Year	892,657	1,986,104	2,878,761
Net Assets at End of Year	\$ 918,677	\$ 1,831,507	\$ 2,750,184

See Accompanying Independent Accountant's Compilation Report

FRIENDS OF CASCO BAY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Operating Activity			
Operating Revenues			
Individual gifts	\$ 502,946	\$ 110,000	\$ 612,946
Corporate gifts	47,061	-	47,061
Foundation grants	189,150	-	189,150
Government grants and contracts	39,649	-	39,649
Nonprofit contributions	7,385	-	7,385
In-kind gifts	106,661	-	106,661
Investment income	24	263	287
Transfers from interests in assets held by MCF	53,165	(53,165)	-
Net assets released from restrictions	155,000	(155,000)	-
Total Operating Revenues	<u>1,101,041</u>	<u>(97,902)</u>	<u>1,003,139</u>
Operating Expenses			
Program services			
Baykeeper operations	427,311	-	427,311
Water quality monitoring program	176,598	-	176,598
Pumpout boat program	45,470	-	45,470
Supporting services:			
Management and general expenses	267,527	-	267,527
Fundraising expenses	145,484	-	145,484
Total Operating Expenses	<u>1,062,390</u>	<u>-</u>	<u>1,062,390</u>
Changes in Net Assets from Operations	38,651	(97,902)	(59,251)
Nonoperating Activity			
Gifts for future use	-	4,825	4,825
Increase in interest in assets held by MCF (see Note 3)	-	106,085	106,085
Promise to give write offs	-	(10,000)	(10,000)
Paycheck Protection Program loan forgiveness	249,340	-	249,340
Total Nonoperating Activity	<u>249,340</u>	<u>100,910</u>	<u>350,250</u>
Changes in Net Assets	287,991	3,008	290,999
Net Assets at Beginning of Year	<u>604,666</u>	<u>1,983,096</u>	<u>2,587,762</u>
Net Assets at End of Year	<u>\$ 892,657</u>	<u>\$ 1,986,104</u>	<u>\$ 2,878,761</u>

See Accompanying Independent Accountant's Compilation Report

FRIENDS OF CASCO BAY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2023

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	Total Programs	Management & General	Fundraising Expenses	Total
Salaries and wages	\$ 239,489	\$ 106,070	\$ 27,369	\$ 372,928	\$ 173,595	\$ 127,141	\$ 673,664
Payroll taxes and employee benefits	50,480	22,358	5,769	78,607	22,646	26,799	128,052
Advertising	257	-	-	257	-	498	755
Bank and processing fees	-	-	-	-	545	3,218	3,763
Boat and truck operation	-	18,965	5,624	24,589	-	-	24,589
Computers and server expenses	5,915	2,620	676	9,211	4,287	3,140	16,638
Conferences, seminars, meetings	6,299	-	-	6,299	194	-	6,493
Conferences/printer expenses	1,290	572	147	2,009	935	685	3,629
Depreciation	-	28,771	41,554	70,325	5,034	-	75,359
Dues, licenses, publications	1,830	-	-	1,830	2,051	615	4,496
Equipment	-	2,270	-	2,270	2,340	-	4,610
In-kind expenses	27,677	16,930	9,360	53,967	5,200	37,828	96,995
Insurance	5,168	2,289	591	8,048	3,746	2,744	14,538
Payroll processing fees	2,141	948	245	3,334	1,552	1,137	6,023
Printing and postage	20,567	467	-	21,034	604	21,189	42,827
Professional fees	612	5,545	-	6,157	13,807	-	19,964
Rents	9,204	4,077	1,052	14,333	6,672	4,886	25,891
Repairs and maintenance	-	7,061	29,837	36,898	4,050	-	40,948
Software and tools	-	-	-	-	1,058	-	1,058
Supplies	14,093	4,172	1,813	20,078	7,683	6,620	34,381
Telephone	1,271	245	710	2,226	4,024	280	6,530
Travel	3,867	920	138	4,925	802	615	6,342
Totals	\$ 390,160	\$ 224,280	\$ 124,885	\$ 739,325	\$ 260,825	\$ 237,395	\$ 1,237,545

See Accompanying Independent Accountant's Compilation Report

FRIENDS OF CASCO BAY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2022

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	Total Programs	Management & General	Fundraising Expenses	Total
Salaries and wages	\$ 221,013	\$ 83,079	\$ 2,768	\$ 306,860	\$ 167,126	\$ 85,374	\$ 559,360
Payroll taxes and employee benefits	49,253	18,514	617	68,384	37,244	19,026	124,654
Advertising	4,380	-	-	4,380	-	-	4,380
Bank and processing fees	-	-	-	-	624	2,325	2,949
Boat and truck operation	-	8,512	-	8,512	-	-	8,512
Computers and server expenses	13,712	5,154	172	19,038	10,369	5,296	34,703
Conferences, seminars, meetings	2,863	35	-	2,898	-	-	2,898
Conferences/printer expenses	1,800	677	23	2,500	1,361	695	4,556
Depreciation	-	28,771	25,129	53,900	3,613	-	57,513
Dues, licenses, publications	2,153	-	-	2,153	2,685	687	5,525
Equipment	-	660	-	660	1,885	-	2,545
In-kind expenses	91,761	13,582	-	105,343	300	1,018	106,661
Insurance	6,227	2,341	78	8,646	4,709	2,405	15,760
Payroll processing fees	2,300	865	29	3,194	1,740	888	5,822
Printing and postage	16,981	949	-	17,930	5,759	13,619	37,308
Professional fees	711	5,011	-	5,722	11,411	-	17,133
Rents	8,734	3,283	109	12,126	6,605	3,375	22,106
Repairs and maintenance	-	1,805	16,021	17,826	250	-	18,076
Software and tools	128	106	-	234	1,508	69	1,811
Supplies	2,510	2,640	50	5,200	4,403	8,794	18,397
Telephone	1,650	158	474	2,282	4,271	263	6,816
Travel	1,135	456	-	1,591	1,314	1,650	4,555
Utilities	-	-	-	-	350	-	350
Total Expense	\$ 427,311	\$ 176,598	\$ 45,470	\$ 649,379	\$ 267,527	\$ 145,484	\$ 1,062,390

See Accompanying Independent Accountant's Compilation Report

FRIENDS OF CASCO BAY
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31,

	2023	2022
Cash flows from operating activities:		
Changes in net assets	\$ (128,577)	\$ 290,999
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	75,359	57,513
(Increase) decrease in interest in assets held by the Maine Community Foundation	66,455	(106,085)
Paycheck Protection Program loan forgiveness	-	(249,340)
(Increase) decrease in operating assets:		
Accounts receivable	(3,791)	302
Promises to give	89,983	99,380
Prepaid expenses	(781)	22,228
Increase (decrease) in operating liabilities:		
Accounts payable	(2,666)	3,925
Deferred revenue	(8,200)	9,000
Accrued vacation	12,831	(24,853)
Accrued payroll	14,221	-
Net cash flows from operating activities	114,834	103,069
Cash flows from investing activities:		
Purchase of property and equipment	-	(25,170)
Transfers from interest in assets held by the Maine Community Foundation	4,085	150,000
Net transfers to the Maine Community Foundation	-	(397,195)
Net cash flows from investing activities	4,085	(272,365)
Net changes in cash and cash equivalents	118,919	(169,296)
Cash and cash equivalents at the beginning of the year	1,037,814	1,207,110
Cash and cash equivalents at the end of the year	\$ 1,156,733	\$ 1,037,814
Presentation of cash and cash equivalents on statements of financial position:		
Cash and cash equivalents	\$ 98,341	\$ 150,655
Contingency fund cash	772,571	636,946
Climate change and Casco Bay fund cash	285,821	250,213
Total cash and cash equivalents	\$ 1,156,733	\$ 1,037,814

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2023 and 2022

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the 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.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivables

Accounts receivable consist primarily of non-interest bearing amounts due for program related services and are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At March 31, 2023 and 2022, the Organization considered all remaining accounts receivable to be fully collectible. Accordingly, there was no allowance for uncollectible accounts receivable recorded.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Promises to give have not been discounted to the present value of their estimated future cash flows as management considered the amount immaterial to the financial statements as a whole. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At March 31, 2023 and 2022, the Organization considered all remaining promises to give to be fully collectible. Accordingly, there was no allowance for uncollectible promises to give recorded.

Property and Equipment

Property and equipment acquisitions are recorded at cost, or if donated, at fair value on the date of donation. Depreciation expense is computed on the straight-line basis over the estimated useful lives of the assets, ranging from 5-10 years, or in the case of capitalized lease assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed currently.

Interest in Assets held by Maine Community Foundation

As more fully described in Note 3, the Organization is an income beneficiary of assets held by the Maine Community Foundation (MCF) as a result of making nonreciprocal transfers of donor restricted assets and specifying itself as the beneficiary. The Organization accounts for its rights to the assets held by MCF in accordance with applicable standards. Under the standards, the Organization recognizes its irrevocable rights to the cash flows as an asset and as contribution revenue. Contributions are recognized at fair value and classified as an increase in net assets with restriction. On an annual basis, the Organization must remeasure its interest in the assets held by MCF using the same valuation technique that was used to initially measure that interest, classifying the change as either a gain or loss in net assets with restriction.

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2023 and 2022

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets are recognized as revenue when the assets are placed in service. Gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue at the time of acquisition of such long-lived assets. The Organization reports donor-restricted contributions as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenues and Revenue Recognition

Foundation Grant Revenue and Contributions

The Organization recognizes foundation grant revenue and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional foundation grants and contributions and promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Government Grants and Contracts

Grant revenue is derived from various municipal and quasi-governmental grant agreements to provide funding support for the Organization's program services. The Organization has evaluated its grant agreements against applicable accounting standard guidance and determined that the grant agreements are contributions (nonreciprocal transaction) conditioned upon certain performance requirements and/or incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenses in compliance with specific provisions in the grant agreement.

In-Kind Revenue

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 by donation.

Operating Activities

Revenues received and expenses incurred in conducting the programs and services of the Organization are presented in the statements of activities and changes in net assets as operating activities.

Non-Operating Activities

Non-operating revenue and expenses consist of changes in interest in assets held by the Maine Community Foundation, net investment return (loss), contributions received for future use and proceeds from certain Covid-19 related programs.

Advertising Costs

Advertising costs are expensed as incurred, and were \$755 and \$4,380 during the years ended March 31, 2023 and 2022, respectively.

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2023 and 2022

Functional Allocation of Expenses

The costs associated with program expenses, management and general expenses, and fundraising 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 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.

Income Taxes

The Organization is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for a charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Management evaluated the Organization's tax positions and concluded that it had taken no uncertain tax positions that required adjustment to the financial statements. The Organization does not expect that unrecognized tax benefits or liabilities arising from tax positions will change significantly within the next twelve months.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial Instruments and Credit Risk

The Organization maintains its cash balances in three financial institutions located in the State of Maine. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced any losses in such accounts and management believes it is not exposed to and that the Organization has adequately diversified its banking relationships to minimize significant risk.

Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from program participants and others supportive of the Organization's mission.

The Organization holds an interest in assets held by the Maine Community Foundation. Although the fair value of the interest in assets held by the Maine Community Foundation is subject to fluctuation on a year-to-year basis, management believes that existing investment policies and guidelines are prudent for the long-term benefit of the Organization.

Investments are made by diversified investment managers whose performance is monitored by management and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Subsequent Events

Management has evaluated subsequent events through August 16, 2023, the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2023 and 2022

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets available at year end		
Cash and cash equivalents	\$1,156,733	\$ 1,037,814
Interest in assets held by MCF	1,356,337	1,426,877
	<u>2,513,070</u>	<u>2,464,691</u>
Less amounts unavailable for general expenditures within one year due to donor restrictions	<u>1,642,158</u>	<u>1,677,090</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 870,912</u>	<u>\$ 787,601</u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.

In the event of an unanticipated liquidity need, the Organization also could draw upon funds available under its line of credit (as further discussed in Note 5). As of March 31, 2023, the amount available to draw under its line of credit was \$50,000.

NOTE 3 – INTEREST IN ASSETS HELD BY THE MAINE COMMUNITY FOUNDATION

Interest in assets held by the Maine Community Foundation is reported at fair value and comprised of the following at March 31:

	<u>2023</u>	<u>2022</u>
Baykeeping Fund	\$ 741,873	\$ 778,052
Baykeeping Boats Fund	88,247	97,000
Emeritus Fund for Advocacy	37,389	39,207
Climate Change and Casco Bay Fund	488,828	512,618
	<u>\$1,356,337</u>	<u>\$ 1,426,877</u>

The Baykeeping Fund is used to invest, as long-term investments, proceeds from capital campaign pledges that were collected to support the Baykeeper program.

The Baykeeping 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.

The Climate Change and Casco Bay Fund is restricted for future use related to climate change and Casco Bay initiatives.

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2023 and 2022

The Organization receives distributions from these assets each year. MCF has variance power over these assets. Therefore, the Board of Trustees of MCF (Board) has the power to modify, consistent with State law including seeking the approval of the appropriate court or Attorney General, any restriction or condition on the distribution of funds to the Organization if, in the sole judgement of the Board (without the necessity of the approval or any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Distributions requested by the Organization in excess of the spending policy of MCF need to be approved by the MCF Board. These requests are typically approved if reasonable.

NOTE 4 – FAIR VALUE MEASUREMENTS AND DISCLOSURES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Valuation for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques. Level 3 valuations incorporate the entity’s own assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the years ended March 31, 2023 and 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Interest in Assets Held by the Maine Community Foundation

The fair value of the interest in assets held by the Maine Community Foundation (MCF) is based on annual and semi-annual valuations, fund statements, and statements of activities provided to the Organization.

The following table presents assets measured at fair value on a recurring basis as of March 31, 2023:

	Fair Value	Level 1	Level 2	Level 3
Interest in assets held by the Maine Community Foundation	<u>\$1,356,337</u>	<u> </u>	<u> </u>	<u>\$1,356,337</u>

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2023 and 2022

The following table presents assets measured at fair value on a recurring basis as of March 31, 2022:

	Fair Value	Level 1	Level 2	Level 3
Interest in assets held by the Maine Community Foundation	\$ 1,426,877			\$ 1,426,877

The following schedule summarizes the market value of the interest in assets held by the Maine Community Foundation as of March 31, 2023:

	Baykeeping	Boats	Advocacy	Climate	Total
Beginning balance	\$ 778,052	\$ 97,000	\$ 39,207	\$ 512,618	\$ 1,426,877
Interest and dividend income	2,672	330	135	1,763	4,900
Gains (losses)	(32,858)	(4,250)	(1,652)	(21,603)	(60,363)
Fees	(5,993)	(748)	(301)	(3,950)	(10,992)
Distributions	-	(4,085)	-	-	(4,085)
Ending balance	\$ 741,873	\$ 88,247	\$ 37,389	\$ 488,828	\$ 1,356,337

The following schedule summarizes the market value of the interest in assets held by the Maine Community Foundation as of March 31, 2022:

	Baykeeping	Boats	Advocacy	Climate	Total
Beginning balance	\$ 826,164	\$ 102,998	\$ 41,630		\$ 970,792
Contributions				\$ 500,000	500,000
Interest and dividend income	50,349	6,277	2,537	27,143	86,306
Gains (losses)	44,546	5,554	2,245	(6,930)	45,415
Fees	(15,354)	(1,914)	(773)	(7,595)	(25,636)
Distributions	(127,653)	(15,915)	(6,432)		(150,000)
Ending balance	\$ 778,052	\$ 97,000	\$ 39,207	\$ 512,618	\$ 1,426,877

The following schedule summarizes the net increase (decrease) in assets held by the Maine Community Foundation as reflected in the statement of activities for the year ended March 31, 2023:

	Baykeeping	Boats	Advocacy	Climate	Total
Interest and dividend income	\$ 2,672	\$ 330	\$ 135	\$ 1,763	\$ 4,900
Gains (losses)	(32,858)	(4,250)	(1,652)	(21,603)	(60,363)
Fees	(5,993)	(748)	(301)	(3,950)	(10,992)
Net increase (decrease)	\$ (36,179)	\$ (4,668)	\$ (1,818)	\$ (23,790)	\$ (66,455)

The following schedule summarizes the net increase (decrease) in assets held by the Maine Community Foundation as reflected in the statement of activities for the year ended March 31, 2022:

	Baykeeping	Boats	Advocacy	Climate	Total
Interest and dividend income	\$ 50,349	\$ 6,277	\$ 2,537	\$ 27,143	\$ 86,306
Gains (losses)	44,546	5,554	2,245	(6,930)	45,415
Fees	(15,354)	(1,914)	(773)	(7,595)	(25,636)
Net increase (decrease)	\$ 79,541	\$ 9,917	\$ 4,009	\$ 12,618	\$ 106,085

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2023 and 2022

NOTE 5 – LINE OF CREDIT

At March 31, 2023 and 2022, the Organization has a line of credit available for \$50,000. Terms of the credit agreement provide for interest at the Wall Street Journal prime rate (8.00% and 3.50% at March 31, 2023 and 2022). All accounts receivable, equipment, inventory, and general intangibles of the Organization are assigned as collateral. There was no balance outstanding at March 31, 2023 and 2022.

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN

During the year ended March 31, 2021, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, from a qualified lender (PPP Lender) for an aggregate principal amount of \$130,600 (PPP Loan). The Organization applied for loan forgiveness under the provisions of the CARES Act. Loan forgiveness is subject to the sole approval of the U.S. Small Business Administration. The Organization’s loan forgiveness application was approved in July 2021.

During the year ended March 31, 2021, the Organization qualified for and received an additional loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Consolidated Appropriations Act, 2021, from a qualified lender (PPP Lender) for an aggregate principal amount of \$118,740 (2nd PPP Loan). The Organization applied for loan forgiveness under the provisions of the CARES Act. Loan forgiveness is subject to the sole approval of the U.S. Small Business Administration. The Organization’s loan forgiveness application was approved in October 2021.

PPP loan forgiveness totaled \$249,340 as reflected in the Organization’s 2022 statement of activities and changes in net assets.

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 573,597	\$ 472,218
Cash designated for contingencies	76,566	76,566
Cash designated for legal fee contingencies	31,563	31,563
Net investment in property and equipment	236,951	312,310
	<u>\$ 918,677</u>	<u>\$ 892,657</u>

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Subject to expenditures for specified purpose:		
Baykeeping fund	\$ 827,792	\$ 868,972
Boats fund	88,247	102,915
Advocacy fund	37,389	39,207
Climate change and Casco Bay fund	811,804	838,736
Other program funds	66,275	136,274
	<u>\$ 1,831,507</u>	<u>\$ 1,986,104</u>

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2023 and 2022

NOTE 9 – NET ASSETS RELEASES 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:

	<u>2023</u>	<u>2022</u>
Baykeeping fund	\$ 5,000	\$ 36,733
Boats fund	10,000	10,000
Advocacy fund	-	6,432
Climate change and Casco Bay fund	5,000	105,000
Other programs	70,000	50,000
	<u>\$ 90,000</u>	<u>\$ 208,165</u>

NOTE 10 – LEASES

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. Rent expense for the years ended March 31, 2023 and 2022 was \$25,891 and \$22,106, 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 years ended March 31, 2023 and 2022 were \$21,735 and \$21,060, respectively.