

FRIENDS OF CASCO BAY

FINANCIAL REPORT

March 31, 2024 and 2023

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, 2024 and 2023 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
September 25, 2024

FRIENDS OF CASCO BAY
STATEMENTS OF FINANCIAL POSITION

MARCH 31,

ASSETS

	2024	2023
Current Assets		
Cash and cash equivalents	\$ 112,741	\$ 98,341
Contingency fund cash	646,541	772,571
Climate change and Casco Bay fund cash	211,526	285,821
Accounts receivable, net of allowance of \$0 at March 31, 2024 and 2023	7,724	7,010
Promises to give, current portion	31,390	43,622
Prepaid expenses	16,952	5,750
Total Current Assets	1,026,874	1,213,115
Property and Equipment		
Equipment and furnishings	72,904	70,235
Vehicle	72,902	31,441
Boats	415,535	415,535
Monitoring equipment	145,857	143,857
Accumulated depreciation	(488,445)	(424,117)
Net Property and Equipment	218,753	236,951
Right-of-use assets - operating leases	163,220	-
Other Assets		
Promises to give, long-term portion	2,400	7,300
Interest in assets held by MCF (see Notes 3 and 4)	1,479,220	1,356,337
Total Other Assets	1,481,620	1,363,637
Total Assets	\$ 2,890,467	\$ 2,813,703

See Accompanying Independent Accountant's Compilation Report

FRIENDS OF CASCO BAY
STATEMENTS OF FINANCIAL POSITION

MARCH 31,

LIABILITIES and NET ASSETS

	2024	2023
Current Liabilities		
Current portion of operating lease obligations	\$ 26,324	\$ -
Accounts payable	2,595	4,859
Other current liabilities	2,003	2,003
Accrued vacation	32,737	41,636
Accrued payroll liabilities	14	14,221
Deferred revenue	-	800
Total Current Liabilities	63,673	63,519
Other Liabilities		
Long-term operating lease obligations, excluding current portion	136,896	-
Total Other Liabilities	136,896	-
Net Assets		
Without donor restrictions	813,890	918,677
With donor restrictions	1,876,008	1,831,507
Total Net Assets	2,689,898	2,750,184
Total Liabilities and Net Assets	\$ 2,890,467	\$ 2,813,703

See Accompanying Independent Accountant's Compilation Report

FRIENDS OF CASCO BAY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activity			
Operating Revenues			
Individual gifts	\$ 532,648	\$ 10,107	\$ 542,755
Corporate gifts	32,799	19,700	52,499
Foundation grants	142,774	44,678	187,452
Government grants and contracts	-	96,493	96,493
Nonprofit contributions	6,821	250	7,071
In-kind gifts	80,830	-	80,830
Fundraising events	30,004	-	30,004
Investment return	21,997	-	21,997
Miscellaneous income	6,403	-	6,403
Transfers from interests in assets held by MCF	58,316	(58,316)	-
Net assets released from restrictions	267,220	(267,220)	-
Total Operating Revenues	1,179,812	(154,308)	1,025,504
Operating Expenses			
Program services			
Baykeeper operations	420,601	-	420,601
Water quality monitoring program	231,884	-	231,884
Pumpout boat program	102,696	-	102,696
Supporting services:			
Management and general expenses	221,461	-	221,461
Fundraising expenses	307,956	-	307,956
Total Operating Expenses	1,284,599	-	1,284,599
Changes in Net Assets from Operations	(104,787)	(154,308)	(259,095)
Nonoperating Activity			
Gifts for future use	-	55,926	55,926
Increase in interest in assets held by MCF (see Note 3)	-	142,883	142,883
Total Nonoperating Activity	-	198,809	198,809
Changes in Net Assets	(104,787)	44,501	(60,286)
Net Assets at Beginning of Year	918,677	1,831,507	2,750,184
Net Assets at End of Year	\$ 813,890	\$ 1,876,008	\$ 2,689,898

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 Restriction	With Donor Restriction	Total
Operating Activity			
Operating Revenues			
Individual gifts	\$ 681,829	\$ 18,956	\$ 700,785
Corporate gifts	35,095	8,950	44,045
Foundation grants	161,463	12,300	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	231,313	(231,313)	-
Total Operating Revenues	1,263,565	(90,142)	1,173,423
Operating Expenses			
Program services			
Baykeeper operations	381,030	-	381,030
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	246,525	-	246,525
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 FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2024

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	Total Programs	Management & General	Fundraising Expenses	Total
Salaries and wages	\$ 273,005	\$ 92,351	\$ 28,685	\$ 394,041	\$ 118,949	\$ 153,069	\$ 666,059
Payroll taxes and employee benefits	60,760	20,554	6,384	87,698	26,472	34,067	148,237
Advertising	2,538	-	-	2,538	-	35	2,573
Bank and processing fees	-	-	-	-	235	523	758
Boat and truck operation	-	13,076	3,254	16,330	-	-	16,330
Computers and server expenses	4,125	1,396	433	5,954	1,797	2,313	10,065
Conferences, seminars, meetings	7,102	-	-	7,102	85	-	7,187
Conferences/printer expenses	2,309	781	243	3,333	1,006	1,295	5,634
Depreciation	-	28,771	29,818	58,589	5,738	-	64,327
Dues, licenses, publications	1,555	-	-	1,555	3,937	-	5,492
Equipment	-	-	-	-	2,878	-	2,878
In-kind expenses	8,768	1,075	4,680	14,523	-	66,307	80,830
Insurance	6,213	2,102	653	8,967	2,707	3,484	15,158
Payroll processing fees	2,363	799	248	3,411	1,030	1,325	5,765
Printing and postage	17,310	667	-	17,977	3,888	28,728	50,593
Professional fees	2,152	3,979	-	6,131	9,591	-	15,722
Rents	16,787	5,679	1,764	24,229	7,314	9,412	40,955
Repairs and maintenance	-	57,698	22,997	80,695	4,025	-	84,720
Software and tools	1,699	-	-	1,699	1,346	-	3,045
Supplies	9,439	1,754	2,789	13,982	4,274	3,896	22,152
Telephone	1,053	280	720	2,053	4,130	280	6,463
Travel	3,423	923	28	4,374	623	3,223	8,220
Contingency	-	-	-	-	21,436	-	21,436
Totals	\$ 420,601	\$ 231,884	\$ 102,696	\$ 755,182	\$ 221,461	\$ 307,956	\$ 1,284,599

See Accompanying Independent Accountant's Compilation Report

FRIENDS OF CASCO BAY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2023

	<u>Baykeeper Operations</u>	<u>Water Quality Monitoring</u>	<u>Pumpout Boat</u>	<u>Total Programs</u>	<u>Management & General</u>	<u>Fundraising Expenses</u>	<u>Total</u>
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	18,547	16,930	9,360	44,837	5,200	46,958	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	<u>\$ 381,030</u>	<u>\$ 224,280</u>	<u>\$ 124,885</u>	<u>\$ 730,195</u>	<u>\$ 260,825</u>	<u>\$ 246,525</u>	<u>\$ 1,237,545</u>

See Accompanying Independent Accountant's Compilation Report

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

	2024	2023
Cash flows from operating activities:		
Changes in net assets	\$ (60,286)	\$ (128,577)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	64,327	75,359
(Increase) decrease in interest in assets held by the Maine Community Foundation	(142,883)	66,455
(Increase) decrease in operating assets:		
Accounts receivable	(714)	(3,791)
Promises to give	17,132	89,983
Prepaid expenses	(11,202)	(781)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,264)	(2,666)
Deferred revenue	(800)	(8,200)
Accrued vacation	(8,899)	12,831
Accrued payroll liabilities	(14,207)	14,221
Net cash flows from operating activities	(159,796)	114,834
Cash flows from investing activities:		
Purchase of property and equipment	(46,129)	-
Transfers from interest in assets held by the Maine Community Foundation	20,000	4,085
Net cash flows from investing activities	(26,129)	4,085
Net changes in cash and cash equivalents	(185,925)	118,919
Cash and cash equivalents at the beginning of the year	1,156,733	1,037,814
Cash and cash equivalents at the end of the year	\$ 970,808	\$ 1,156,733
Presentation of cash and cash equivalents on statements of financial position:		
Cash and cash equivalents	\$ 112,741	\$ 98,341
Contingency fund cash	646,541	772,571
Climate change and Casco Bay fund cash	211,526	285,821
Total cash and cash equivalents	\$ 970,808	\$ 1,156,733
Supplemental disclosure of noncash investing and financing activities:		
Acquisition of right-of-use assets through operating lease obligations	\$ 167,364	\$ -

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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.

Leases

The Organization accounts for leases in accordance with Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, “Leases (Topic 842)”. The ASU and subsequent amendments require lessees to recognize assets and liabilities on the balance sheet for all in-scope leases with a term of greater than twelve months and require disclosure of certain quantitative and qualitative information pertaining to an entity’s leasing arrangements. This replaces the existing lease accounting guidance in accordance with GAAP that required only capital leases to be recognized on a lessee’s balance sheet.

FRIENDS OF CASCO BAY
NOTES to FINANCIAL STATEMENTS

March 31, 2024 and 2023

ASC Topic 842 includes various practical expedients that can be elected for new leases that are executed after the adoption of the new requirements. The Organization elected the practical expedient to not separate lease and non-lease components. The Organization also elected to apply the short-term lease recognition exemption which eliminates the requirement to present on the balance sheet leases with a term of twelve months or less. These two practical expedients were elected for all classes of underlying assets.

Refer to Note 9 for additional information related to the Organization's accounting for leases.

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.

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.

FRIENDS OF CASCO BAY
NOTES to FINANCIAL STATEMENTS

March 31, 2024 and 2023

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), and contributions received for future use.

Advertising Costs

Advertising costs are expensed as incurred, and were \$2,573 and \$755 during the years ended March 31, 2024 and 2023, respectively.

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.

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2024 and 2023

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

Management has evaluated subsequent events through September 25, 2024, 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.

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>2024</u>	<u>2023</u>
Financial assets available at year end		
Cash and cash equivalents	\$ 970,808	\$ 1,156,733
Interest in assets held by MCF	<u>1,479,220</u>	<u>1,356,337</u>
	<u>2,450,028</u>	2,513,070
Less amounts unavailable for general expenditures within one year due to donor restrictions	<u>1,690,746</u>	<u>1,642,158</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 759,282</u>	<u>\$ 870,912</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, 2024, the amount available to draw under its line of credit was \$50,000.

FRIENDS OF CASCO BAY
NOTES to FINANCIAL STATEMENTS

March 31, 2024 and 2023

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>2024</u>	<u>2023</u>
Baykeeping Fund	\$ 820,118	\$ 741,873
Baykeeping Boats Fund	87,390	88,247
Emeritus Fund for Advocacy	31,149	37,389
Climate Change and Casco Bay Fund	540,563	488,828
	<u>\$1,479,220</u>	<u>\$ 1,356,337</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.

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.

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2024 and 2023

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, 2024 and 2023, 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, 2024:

	Fair Value	Level 1	Level 2	Level 3
Interest in assets held by the Maine Community Foundation	<u>\$1,479,220</u>	<u> </u>	<u> </u>	<u>\$1,479,220</u>

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>

The following schedule summarizes the market value of the interest in assets held by the Maine Community Foundation as of March 31, 2024:

	Baykeeping	Boats	Advocacy	Climate	Total
Beginning balance	\$ 741,873	\$ 88,247	\$37,389	\$488,828	\$1,356,337
Interest and dividend income	5,497	647	269	3,630	10,043
Gains (losses)	79,004	9,241	3,807	52,227	144,279
Fees	(6,256)	(745)	(316)	(4,122)	(11,439)
Distributions	-	(10,000)	(10,000)	-	(20,000)
Ending balance	<u>\$ 820,118</u>	<u>\$ 87,390</u>	<u>\$31,149</u>	<u>\$540,563</u>	<u>\$1,479,220</u>

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
Contributions	-	-	-	-	-
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	<u>\$ 741,873</u>	<u>\$ 88,247</u>	<u>\$ 37,389</u>	<u>\$ 488,828</u>	<u>\$ 1,356,337</u>

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2024 and 2023

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, 2024:

	Baykeeping	Boats	Advocacy	Climate	Total
Interest and dividend income	\$ 5,497	\$ 647	\$ 269	\$ 3,630	\$ 10,043
Gains (losses)	79,004	9,241	3,807	52,227	144,279
Fees	<u>(6,256)</u>	<u>(745)</u>	<u>(316)</u>	<u>(4,122)</u>	<u>(11,439)</u>
Net increase (decrease)	<u>\$ 78,245</u>	<u>\$ 9,143</u>	<u>\$ 3,760</u>	<u>\$ 51,735</u>	<u>\$ 142,883</u>

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	<u>(5,993)</u>	<u>(748)</u>	<u>(301)</u>	<u>(3,950)</u>	<u>(10,992)</u>
Net increase (decrease)	<u>\$ (36,179)</u>	<u>\$ (4,668)</u>	<u>\$ (1,818)</u>	<u>\$ (23,790)</u>	<u>\$ (66,455)</u>

NOTE 5 - LINE OF CREDIT

At March 31, 2024 and 2023, 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 (8.50% and 8.00% at March 31, 2024 and 2023). All accounts receivable, equipment, inventory, and general intangibles of the Organization are assigned as collateral. There was no balance outstanding at March 31, 2024 and 2023.

NOTE 6 - NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 487,008	\$ 573,597
Cash designated for contingencies	76,566	76,566
Cash designated for legal fee contingencies	31,563	31,563
Net investment in property and equipment	218,753	236,951
	<u>\$ 813,890</u>	<u>\$ 918,677</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Subject to expenditures for specified purpose:		
Baykeeping fund	\$ 867,722	\$ 827,792
Boats fund	87,390	88,247
Advocacy fund	31,149	37,389
Climate change and Casco Bay fund	785,316	811,804
Other program funds	104,431	66,275
	<u>\$ 1,876,008</u>	<u>\$ 1,831,507</u>

FRIENDS OF CASCO BAY
NOTES to FINANCIAL STATEMENTS

March 31, 2024 and 2023

NOTE 8 – 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>2024</u>	<u>2023</u>
Baykeeping fund	\$ 38,316	\$ 5,000
Boats fund	10,000	10,000
Advocacy fund	10,000	-
Climate change and Casco Bay fund	95,420	5,000
Other programs	171,800	226,313
	<u>\$ 325,536</u>	<u>\$ 246,313</u>

NOTE 9 – LEASES

The Organization’s lease portfolio consists of an operating lease for office space under a non-cancelable lease agreement expiring in January 2029.

The following table presents the components of the Organization’s lease expenses and the classification of such expenses in the statement of functional expenses for the year ended March 31, 2024:

	Classification on Statement of Functional Expenses	<u>2024</u>
Operating lease cost	Rents	\$ 6,500

The following table presents the supplemental cash flow information related to operating leases for the year ended March 31, 2024:

	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 6,500

The right-of-use assets obtained in exchange for operating lease obligations for the year ended March 31, 2024 was \$167,364.

The following presents the weighted-average lease terms and discount rates for operating leases as of March 31, 2024:

Weighted average remaining lease term:	
Operating leases	4.83 years
Weighted average discount rate:	
Operating leases	8.50%

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2024 and 2023

The following table includes the future maturities of lease payments for operating leases for fiscal years subsequent to March 31, 2024:

2025	\$ 26,324
2026	29,874
2027	33,774
2028	38,056
2029	35,192
Total lease payments	163,220
Less current lease liabilities	(26,324)
Total non-current lease liabilities	\$ 136,896

Amortization of right-of-use assets is provided on the straight-line method over the operating lease term. The following table summarizes right-of-use assets as of March 31, 2024:

	<u>2024</u>
Cost	\$ 167,364
Accumulated amortization	(4,144)
	<u>\$ 163,220</u>

During the years ended March 31, 2024 and 2023, the Organization rented office space from Southern Maine Community College. The Organization rented on a month-to-month basis at a monthly amount of \$1,552. Rent expense under this lease for each of the years ended March 31, 2024 and 2023 was \$18,620.

NOTE 10 – 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, 2024 and 2023 were \$22,038 and \$21,735, respectively.