

FRIENDS OF CASCO BAY

FINANCIAL REPORT

March 31, 2025 and 2024

FRIENDS OF CASCO BAY

TABLE OF CONTENTS

	Page No.
Independent Accountant's Compilation Report	1
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



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, 2025 and 2024 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 6, 2025

FRIENDS OF CASCO BAY
STATEMENTS OF FINANCIAL POSITION

MARCH 31,

ASSETS

	2025	2024
Current Assets		
Cash and cash equivalents	\$ 42,115	\$ 112,741
Contingency fund cash	851,454	646,541
Climate change and Casco Bay fund cash	157,393	211,526
Accounts receivable, net of allowance of \$0 at March 31, 2025 and 2024	14,397	7,724
Promises to give, current portion	7,627	31,390
Prepaid expenses	17,606	16,952
Total Current Assets	<u>1,090,592</u>	<u>1,026,874</u>
Property and Equipment		
Equipment and furnishings	72,904	72,904
Vehicle	72,902	72,902
Boats	415,535	415,535
Monitoring equipment	150,857	145,857
Accumulated depreciation	<u>(550,559)</u>	<u>(488,445)</u>
Net Property and Equipment	<u>161,639</u>	<u>218,753</u>
Right-of-use assets - operating leases	<u>136,896</u>	<u>163,220</u>
Other Assets		
Promises to give, long-term portion	1,890	2,400
Interest in assets held by MCF (see Notes 3 and 4)	1,504,544	1,479,220
Total Other Assets	<u>1,506,434</u>	<u>1,481,620</u>
Total Assets	<u><u>\$ 2,895,561</u></u>	<u><u>\$ 2,890,467</u></u>

See Accompanying Independent Accountant's Compilation Report

FRIENDS OF CASCO BAY
STATEMENTS OF FINANCIAL POSITION

MARCH 31,

LIABILITIES and NET ASSETS

	2025	2024
Current Liabilities		
Current portion of operating lease obligations	\$ 29,874	\$ 26,324
Accounts payable	6,820	2,595
Other current liabilities	2,003	2,003
Accrued vacation	25,544	32,737
Accrued payroll liabilities	-	14
Total Current Liabilities	<u>64,241</u>	<u>63,673</u>
Other Liabilities		
Long-term operating lease obligations, excluding current portion	<u>107,022</u>	<u>136,896</u>
Total Other Liabilities	<u>107,022</u>	<u>136,896</u>
Net Assets		
Without donor restrictions	851,935	813,890
With donor restrictions	<u>1,872,363</u>	<u>1,876,008</u>
Total Net Assets	<u>2,724,298</u>	<u>2,689,898</u>
Total Liabilities and Net Assets	<u><u>\$ 2,895,561</u></u>	<u><u>\$ 2,890,467</u></u>

See Accompanying Independent Accountant's Compilation Report

FRIENDS OF CASCO BAY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activity			
Operating Revenues			
Individual gifts	\$ 616,193	\$ 73,410	\$ 689,603
Corporate gifts	40,393	11,312	51,705
Foundation grants	90,117	140,520	230,637
Government grants and contracts	150,271	-	150,271
Nonprofit contributions	13,022	29,975	42,997
In-kind gifts	98,929	-	98,929
Fundraising events	25,866	-	25,866
Investment return	16,125	7,802	23,927
Miscellaneous income	2,891	-	2,891
Transfers from interests in assets held by MCF	65,000	(65,000)	-
Net assets released from restrictions	308,495	(308,495)	-
Total Operating Revenues	<u>1,427,302</u>	<u>(110,476)</u>	<u>1,316,826</u>
Operating Expenses			
Program services			
Baykeeper operations	560,339	-	560,339
Water quality monitoring program	249,771	-	249,771
Pumpout boat program	92,090	-	92,090
Supporting services:			
Management and general expenses	201,311	-	201,311
Fundraising expenses	285,746	-	285,746
Total Operating Expenses	<u>1,389,257</u>	<u>-</u>	<u>1,389,257</u>
Changes in Net Assets from Operations	38,045	(110,476)	(72,431)
Nonoperating Activity			
Gifts for future use	-	16,507	16,507
Increase in interest in assets held by MCF (see Note 3)	-	90,324	90,324
Total Nonoperating Activity	<u>-</u>	<u>106,831</u>	<u>106,831</u>
Changes in Net Assets	38,045	(3,645)	34,400
Net Assets at Beginning of Year	<u>813,890</u>	<u>1,876,008</u>	<u>2,689,898</u>
Net Assets at End of Year	<u><u>\$ 851,935</u></u>	<u><u>\$ 1,872,363</u></u>	<u><u>\$ 2,724,298</u></u>

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 Restriction	With Donor Restriction	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	170,727	(170,727)	-
Total Operating Revenues	<u>1,179,812</u>	<u>(154,308)</u>	<u>1,025,504</u>
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	221,462	-	221,462
Fundraising expenses	307,956	-	307,956
Total Operating Expenses	<u>1,284,599</u>	<u>-</u>	<u>1,284,599</u>
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	<u>-</u>	<u>198,809</u>	<u>198,809</u>
Changes in Net Assets	(104,787)	44,501	(60,286)
Net Assets at Beginning of Year	<u>918,677</u>	<u>1,831,507</u>	<u>2,750,184</u>
Net Assets at End of Year	<u>\$ 813,890</u>	<u>\$ 1,876,008</u>	<u>\$ 2,689,898</u>

See Accompanying Independent Accountant's Compilation Report

FRIENDS OF CASCO BAY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2025

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	Total Programs	Management & General	Fundraising Expenses	Total
Salaries and wages	\$ 342,339	\$ 109,227	\$ 20,457	\$ 472,023	\$ 103,867	\$ 153,833	\$ 729,723
Payroll taxes and employee benefits	81,041	25,857	4,843	111,741	24,589	36,416	172,746
Advertising	2,285	-	-	2,285	-	36	2,321
Bank and processing fees	-	-	-	-	98	53	151
Boat and truck operation	-	14,398	4,127	18,525	-	-	18,525
Computers and server expenses	13,824	4,411	826	19,061	4,194	6,212	29,467
Conferences, seminars, meetings	11,297	-	-	11,297	115	35	11,447
Conferences/printer expenses	1,793	572	107	2,472	544	806	3,822
Depreciation	-	30,171	18,083	48,254	13,860	-	62,114
Dues, licenses, publications	3,198	-	-	3,198	4,585	35	7,818
Equipment	-	6,973	-	6,973	-	-	6,973
In-kind expenses	31,070	23,040	15,255	69,365	939	28,625	98,929
Insurance	7,448	2,377	445	10,270	2,260	3,347	15,877
Payroll processing fees	2,676	854	160	3,690	812	1,202	5,704
Printing and postage	16,108	-	-	16,108	8,127	22,818	47,053
Professional fees	865	5,625	-	6,490	10,471	-	16,961
Rents	27,491	8,771	1,643	37,905	8,341	12,353	58,599
Repairs and maintenance	-	8,031	24,185	32,216	5,150	-	37,366
Software and tools	3,577	-	-	3,577	1,531	65	5,173
Supplies	9,809	7,965	1,248	19,022	8,805	18,370	46,197
Telephone	1,988	735	663	3,386	2,226	841	6,453
Travel	3,530	764	48	4,342	698	699	5,739
Contingency	-	-	-	-	99	-	99
Totals	\$ 560,339	\$ 249,771	\$ 92,090	\$ 902,200	\$ 201,311	\$ 285,746	\$ 1,389,257

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	10,064
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	8,968	2,707	3,484	15,159
Payroll processing fees	2,363	799	248	3,410	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	24,230	7,314	9,412	40,956
Repairs and maintenance	-	57,698	22,997	80,695	4,026	-	84,721
Software and tools	1,699	-	-	1,699	1,346	-	3,045
Supplies	9,439	1,753	2,789	13,981	4,274	3,895	22,150
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	<u>\$ 420,601</u>	<u>\$ 231,884</u>	<u>\$ 102,696</u>	<u>\$ 755,181</u>	<u>\$ 221,462</u>	<u>\$ 307,956</u>	<u>\$ 1,284,599</u>

See Accompanying Independent Accountant's Compilation Report

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

	2025	2024
Cash flows from operating activities:		
Changes in net assets	\$ 34,400	\$ (60,286)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	62,114	64,327
Increase in interest in assets held by the Maine Community Foundation	(90,324)	(142,883)
(Increase) decrease in operating assets:		
Accounts receivable	(6,673)	(714)
Promises to give	24,273	17,132
Prepaid expenses	(654)	(11,202)
Increase (decrease) in operating liabilities:		
Accounts payable	4,225	(2,264)
Deferred revenue	-	(800)
Accrued vacation	(7,193)	(8,899)
Accrued payroll liabilities	(14)	(14,207)
Net cash flows from operating activities	<u>20,154</u>	<u>(159,796)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(5,000)	(46,129)
Transfers from interest in assets held by the Maine Community Foundation	65,000	20,000
Net cash flows from investing activities	<u>60,000</u>	<u>(26,129)</u>
Net changes in cash and cash equivalents	80,154	(185,925)
Cash and cash equivalents at the beginning of the year	<u>970,808</u>	1,156,733
Cash and cash equivalents at the end of the year	<u>\$ 1,050,962</u>	<u>\$ 970,808</u>
Presentation of cash and cash equivalents on statements of financial position:		
Cash and cash equivalents	\$ 42,115	\$ 112,741
Contingency fund cash	851,454	646,541
Climate change and Casco Bay fund cash	157,393	211,526
Total cash and cash equivalents	<u>\$ 1,050,962</u>	<u>\$ 970,808</u>
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, 2025 and 2024

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 credit losses 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, 2025 and 2024, the Organization considered all remaining accounts receivable to be fully collectible. Accordingly, there was no allowance for credit losses 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 uncollectable 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, 2025 and 2024, 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, 2025 and 2024

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, 2025 and 2024

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 \$2,321 and \$2,573 during the years ended March 31, 2025 and 2024, 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, 2025 and 2024

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 August 6, 2025, 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>2025</u>	<u>2024</u>
Financial assets available at year end		
Cash and cash equivalents	\$1,050,962	\$ 970,808
Interest in assets held by MCF	<u>1,504,544</u>	<u>1,479,220</u>
	2,555,506	2,450,028
Less amounts unavailable for general expenditures within one year due to donor restrictions	<u>1,661,937</u>	<u>1,690,746</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 893,569</u>	<u>\$ 759,282</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.

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2025 and 2024

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>2025</u>	<u>2024</u>
Baykeeping Fund	\$ 825,213	\$ 820,118
Baykeeping Boats Fund	82,736	87,390
Emeritus Fund for Advocacy	23,066	31,149
Climate Change and Casco Bay Fund	573,529	540,563
	<u>\$1,504,544</u>	<u>\$ 1,479,220</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, 2025 and 2024

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, 2025 and 2024, 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, 2025:

	Fair Value	Level 1	Level 2	Level 3
Interest in assets held by the Maine Community Foundation	<u>\$ 1,504,544</u>	<u> </u>	<u> </u>	<u>\$ 1,504,544</u>

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 schedule summarizes the market value of the interest in assets held by the Maine Community Foundation as of March 31, 2025:

	Baykeeping	Boats	Advocacy	Climate	Total
Beginning balance	\$ 820,118	\$ 87,390	\$ 31,149	\$ 540,563	\$ 1,479,220
Interest and dividend income	6,269	664	232	4,155	11,320
Gains (losses)	50,745	5,420	1,948	33,372	91,485
Fees	(6,919)	(738)	(263)	(4,561)	(12,481)
Distributions	(45,000)	(10,000)	(10,000)	-	(65,000)
Ending balance	<u>\$ 825,213</u>	<u>\$ 82,736</u>	<u>\$ 23,066</u>	<u>\$ 573,529</u>	<u>\$ 1,504,544</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>

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2025 and 2024

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, 2025:

	Baykeeping	Boats	Advocacy	Climate	Total
Interest and dividend income	\$ 6,269	\$ 664	\$ 232	\$ 4,155	\$ 11,320
Gains (losses)	50,745	5,420	1,948	33,372	91,485
Fees	(6,919)	(738)	(263)	(4,561)	(12,481)
Net increase (decrease)	<u>\$ 50,095</u>	<u>\$ 5,346</u>	<u>\$ 1,917</u>	<u>\$ 32,966</u>	<u>\$ 90,324</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, 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	(6,256)	(745)	(316)	(4,122)	(11,439)
Net increase (decrease)	<u>\$ 78,245</u>	<u>\$ 9,143</u>	<u>\$ 3,760</u>	<u>\$ 51,735</u>	<u>\$ 142,883</u>

NOTE 5 – LINE OF CREDIT

At March 31, 2024, the Organization had a line of credit available for \$50,000. Terms of the credit agreement provided for interest at the Wall Street Journal prime rate (8.50% at March 31, 2024). All accounts receivable, equipment, inventory, and general intangibles of the Organization were assigned as collateral. There was no balance outstanding at March 31, 2024. The line of credit was not renewed during the year ended March 31, 2025.

NOTE 6 – NET ASSETS WITHOUT DONOR RESTRICTIONS

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

Undesignated

	2025	2024
Undesignated	\$ 582,167	\$ 487,008
Cash designated for contingencies	76,566	76,566
Cash designated for legal fee contingencies	31,563	31,563
Net investment in property and equipment	161,639	218,753
	<u>\$ 851,935</u>	<u>\$ 813,890</u>

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Subject to expenditures for specified purpose:		
Baykeeping fund	\$ 872,817	\$ 867,722
Boats fund	82,735	87,390
Advocacy fund	23,065	31,149
Climate change and Casco Bay fund	737,589	785,316
Other program funds	156,157	104,431
	<u>\$ 1,872,363</u>	<u>\$ 1,876,008</u>

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2025 and 2024

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>2025</u>	<u>2024</u>
Baykeeping fund	\$ 45,000	\$ 38,316
Boats fund	10,000	10,000
Advocacy fund	10,000	10,000
Climate change and Casco Bay fund	105,000	95,420
Other programs	203,495	75,307
	<u>\$ 373,495</u>	<u>\$ 229,043</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:

Component of Lease Cost	Classification on Statement of Functional Expenses	<u>2025</u>	<u>2024</u>
Operating lease cost	Rents	\$ 39,195	\$ 6,500

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

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 39,195	\$ 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:

Weighted average remaining lease term:		
Operating leases	3.83 years	4.83 years
Weighted average discount rate:		
Operating leases	8.50%	8.50%

FRIENDS OF CASCO BAY

NOTES to FINANCIAL STATEMENTS

March 31, 2025 and 2024

The following table includes the future maturities of lease payments for operating leases for fiscal years subsequent to March 31, 2025:

2025		\$	26,324
2026	\$	29,874	29,874
2027		33,774	33,774
2028		38,056	38,056
2029		35,192	35,192
Total lease payments		136,896	163,220
Less current lease liabilities		(29,874)	(26,324)
Total non-current lease liabilities	\$	107,022	\$ 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:

	2025	2024
Cost	\$ 167,364	\$ 167,364
Accumulated amortization	(30,468)	(4,144)
	<u>\$ 136,896</u>	<u>\$ 163,220</u>

During the years ended March 31, 2025 and 2024, 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, 2025 and 2024 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, 2025 and 2024 were \$23,473 and \$22,038, respectively.