

Financial Statements

Friends of Casco Bay

March 31, 2012

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FRIENDS OF CASCO BAY

March 31, 2012

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

We have compiled the accompanying statements of financial position of Friends of Casco Bay (a nonprofit organization) as of March 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Dawson, Smith, Purvis & Bassett, P.A.

December 21, 2012

STATEMENTS OF FINANCIAL POSITION

FRIENDS OF CASCO BAY

March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 178,922	\$ 155,117
Contingency fund cash	91,566	91,566
Boats fund cash	272,896	32,055
Accounts receivable	19,021	42,099
Promises to give	65,970	75,353
Prepaid expenses	7,473	14,774
TOTAL CURRENT ASSETS	<u>635,848</u>	<u>410,964</u>
PROPERTY AND EQUIPMENT		
Equipment and furnishings	55,862	52,876
Vehicle	31,441	31,441
Boats	107,020	107,020
TOTAL PROPERTY AND EQUIPMENT	<u>194,323</u>	<u>191,337</u>
Less accumulated depreciation	176,291	159,342
NET PROPERTY AND EQUIPMENT	<u>18,032</u>	<u>31,995</u>
OTHER ASSETS		
Beneficial interest in assets held by others	946,720	954,495
	<u>946,720</u>	<u>954,495</u>
TOTAL ASSETS	<u>\$ 1,600,600</u>	<u>\$ 1,397,454</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 6,250	\$ 1,221
Other current liabilities	7,021	6,935
Current portion of long-term debt	6,288	6,288
Accrued vacation	29,316	22,846
TOTAL CURRENT LIABILITIES	<u>48,875</u>	<u>37,290</u>
LONG-TERM DEBT, net of current portion	1,049	7,337
NET ASSETS		
Unrestricted		
Undesignated	129,843	127,221
Designated	1,038,286	1,046,061
TOTAL UNRESTRICTED NET ASSETS	<u>1,168,129</u>	<u>1,173,282</u>
Temporarily restricted net assets	382,547	179,545
TOTAL NET ASSETS	<u>1,550,676</u>	<u>1,352,827</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,600,600</u>	<u>\$ 1,397,454</u>

See independent accountants' compilation report and notes to financial statements.

STATEMENTS OF ACTIVITIES

FRIENDS OF CASCO BAY

Years Ended March 31, 2012 and 2011

	Year Ended March 31, 2012			Year Ended
	Unrestricted	Temporarily Restricted	Total	March 31, 2011 Total
OPERATING ACTIVITY				
Operating Revenues				
Individual gifts	\$ 177,504	\$ 172,842	\$ 350,346	\$ 228,216
Corporate gifts	52,979	16,000	68,979	68,296
Foundation grants	194,250	86,500	280,750	194,500
Government grants and contracts	125,610	5,000	130,610	181,452
Nonprofit contributions	14,451	-	14,451	19,095
In-kind gifts	77,643	-	77,643	91,813
Fundraising events	18,944	-	18,944	30,599
Investment income	1,233	-	1,233	1,192
Miscellaneous income	8,995	-	8,995	4,956
Transfers from beneficial interest in assets held by others to operations	8,685	26,055	34,740	35,890
Net assets released from restrictions	103,695	(103,695)	-	-
TOTAL OPERATING REVENUES	783,989	202,702	986,691	856,009
Program Service Expenses				
Baykeeper operations	278,099	-	278,099	309,960
Water quality monitoring program	209,239	-	209,239	212,430
Pumpout boat program	32,169	-	32,169	34,674
BayScaping and storm water program	21,775	-	21,775	10,844
TOTAL PROGRAM SERVICES	541,282	-	541,282	567,908
Management and general expenses	94,499	-	94,499	59,376
Fundraising expenses	145,586	-	145,586	142,431
TOTAL OPERATING EXPENSES	781,367	-	781,367	769,715
CHANGES IN NET ASSETS FROM OPERATIONS	2,622	202,702	205,324	86,294
NONOPERATING ACTIVITY				
Investment income	8,672	300	8,972	10,039
Net realized and unrealized investment gains	26,157	-	26,157	100,339
Transfers to operations from beneficial interest in assets held by others	(34,740)	-	(34,740)	(35,890)
Investment fees	(7,864)	-	(7,864)	(7,636)
Uncollectible capital campaign pledges				
CHANGES IN NET ASSETS FROM NONOPERATING ACTIVITY	(7,775)	300	(7,475)	66,852
INCREASE IN NET ASSETS	(5,153)	203,002	197,849	153,146
NET ASSETS AT BEGINNING OF PERIOD	1,173,282	179,545	1,352,827	1,199,681
NET ASSETS AT END OF PERIOD	\$ 1,168,129	\$ 382,547	\$ 1,550,676	\$ 1,352,827

See independent accountants' compilation report and notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

FRIENDS OF CASCO BAY

Year Ended March 31, 2012

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	BayScaping and Stormwater Program	Total Programs	Management & General	Fundraising Expenses	Total Expenses
PERSONNEL								
Salaries and wages	\$ 174,327	\$ 90,899	\$ 15,762	\$ 15,726	\$ 296,714	\$ 64,149	\$ 85,854	\$ 446,717
Employee benefits and taxes	42,056	24,108	2,272	4,049	72,485	15,530	20,831	108,846
	<u>216,383</u>	<u>115,007</u>	<u>18,034</u>	<u>19,775</u>	<u>369,199</u>	<u>79,679</u>	<u>106,685</u>	<u>555,563</u>
OTHER EXPENSES								
Advertising	1,520	-	-	-	1,520	-	-	1,520
Board expense	-	-	-	-	-	993	-	993
Boat and truck operation	6,499	4,564	3,074	-	14,137	-	-	14,137
Computer/copier expense	1,674	978	182	138	2,972	842	833	4,647
Conferences, seminars, meetings	2,133	551	-	-	2,684	145	95	2,924
Depreciation expense	5,519	7,379	2,132	-	15,030	1,919	-	16,949
Dues, subscriptions, publications	1,633	348	28	21	2,030	128	968	3,126
Equipment	1,194	7,849	-	-	9,043	-	1,672	10,715
In-kind expenses	13,148	54,507	3,380	-	71,035	399	6,209	77,643
Insurance	831	879	2,403	68	4,181	418	413	5,012
Internet fees	99	58	11	8	176	50	49	275
Licenses and fees	-	-	100	-	100	250	-	350
Laboratory fees	-	2,056	-	-	2,056	-	-	2,056
Office supplies/services	1,616	944	176	755	3,491	908	803	5,202
Payroll processing service	858	456	71	78	1,463	316	423	2,202
Printing and postage	5,350	1,339	87	40	6,816	969	9,171	16,956
Professional fees	2,123	669	125	94	3,011	576	964	4,551
Rent	6,062	3,410	635	480	10,587	2,936	5,062	18,585
Repairs and maintenance	-	-	643	-	643	-	-	643
Service charges and fees	-	-	-	-	-	2,585	1,619	4,204
Supplies	5,553	5,701	788	35	12,077	-	9,008	21,085
Telephone	2,494	686	235	74	3,489	456	451	4,396
Travel and meals	2,814	1,510	-	160	4,484	630	865	5,979
Utilities	596	348	65	49	1,058	300	296	1,654
	<u>\$ 278,099</u>	<u>\$ 209,239</u>	<u>\$ 32,169</u>	<u>\$ 21,775</u>	<u>\$ 541,282</u>	<u>\$ 94,499</u>	<u>\$ 145,586</u>	<u>\$ 781,367</u>

See independent accountants' compilation report and notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

FRIENDS OF CASCO BAY

Year Ended March 31, 2011

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	BayScaping and Stormwater Program	Total Programs	Management & General	Fundraising Expenses	Total Expenses
PERSONNEL								
Salaries and wages	\$ 195,820	\$ 87,183	\$ 18,339	\$ 6,771	\$ 308,113	\$ 37,675	\$ 89,768	\$ 435,556
Employee benefits and taxes	42,528	22,266	2,998	1,785	69,577	9,184	19,570	98,331
	<u>238,348</u>	<u>109,449</u>	<u>21,337</u>	<u>8,556</u>	<u>377,690</u>	<u>46,859</u>	<u>109,338</u>	<u>533,887</u>
OTHER EXPENSES								
Advertising	3,040	-	-	-	3,040	-	-	3,040
Board expense	-	-	-	-	-	709	-	709
Boat and truck operation	3,476	7,667	5,778	-	16,921	-	-	16,921
Computer/copier expense	1,767	934	192	66	2,959	608	785	4,352
Conferences, seminars, meetings	589	218	-	-	807	5	50	862
Depreciation expense	4,967	9,784	2,070	-	16,821	2,441	-	19,262
Dues, subscriptions, publications	1,034	158	28	10	1,230	90	958	2,278
Equipment	-	-	-	-	-	859	-	859
In-kind expenses	17,849	59,702	3,270	-	80,821	-	10,992	91,813
Insurance	902	477	98	34	1,511	310	401	2,222
Internet fees	94	50	10	4	158	32	42	232
Licenses and fees	675	-	-	-	675	255	-	930
Laboratory fees	-	2,521	-	-	2,521	-	-	2,521
Office supplies/services	2,268	1,199	247	85	3,799	879	1,007	5,685
Payroll processing service	794	365	71	29	1,259	156	364	1,779
Printing and postage	6,223	444	87	187	6,941	889	7,204	15,034
Professional fees	1,990	7,128	129	45	9,292	409	528	10,229
Rent	7,028	3,476	715	247	11,466	2,262	3,172	16,900
Service charges and fees	-	-	-	-	-	1,285	-	1,285
Special event expenses	3,018	-	-	-	3,018	-	3,018	6,036
Supplies	7,430	985	340	1,321	10,076	-	2,922	12,998
Telephone	2,571	941	217	56	3,785	511	660	4,956
Training supplies	-	5,427	-	-	5,427	-	-	5,427
Travel and meals	5,234	1,155	13	179	6,581	589	695	7,865
Utilities	663	350	72	25	1,110	228	295	1,633
	<u>\$ 309,960</u>	<u>\$ 212,430</u>	<u>\$ 34,674</u>	<u>\$ 10,844</u>	<u>\$ 567,908</u>	<u>\$ 59,376</u>	<u>\$ 142,431</u>	<u>\$ 769,715</u>

See independent accountants' compilation report and notes to financial statements.

STATEMENTS OF CASH FLOWS

FRIENDS OF CASCO BAY

Years Ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 197,849	\$ 153,146
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	16,949	19,262
Noncash contributions		-
Net realized and unrealized investment gains	(26,157)	(100,339)
Changes in operating assets and liabilities:		
Accounts receivable	23,078	22,154
Promises to give	9,383	(75,353)
Prepaid expenses	7,301	(4,558)
Accounts payable	5,029	(3,107)
Other current liabilities	86	(8,821)
Accrued vacation	6,470	1,035
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>239,988</u>	<u>3,419</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,986)	-
Transfers from beneficial interest in assets held by others	34,740	35,890
Net purchases of investments	(808)	(2,403)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>30,946</u>	<u>33,487</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(6,288)	(6,288)
NET CASH USED BY FINANCING ACTIVITIES	<u>(6,288)</u>	<u>(6,288)</u>
NET INCREASE IN CASH	264,646	30,618
Cash at beginning of year	<u>278,738</u>	<u>248,120</u>
CASH AT END OF YEAR	<u>\$ 543,384</u>	<u>\$ 278,738</u>
Operating cash	\$ 178,922	\$ 155,117
Contingency fund cash	91,566	91,566
Boats fund cash	<u>272,896</u>	<u>32,055</u>
	<u>\$ 543,384</u>	<u>\$ 278,738</u>

See independent accountants' compilation report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

FRIENDS OF CASCO BAY

March 31, 2012 and 2011

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Friends of Casco Bay 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 BayKeeper program, water quality monitoring, vessel pumpout services, and BayScaping programs. Friends of Casco Bay's operations are funded through donations, foundation grants, and government grants and contracts.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The accompanying financial statements include the assets, liabilities, and net assets of the Organization. Under FASB ASC 958-205-05-6, the Organization is required to report information regarding its financial position and activities according to three classes of net assets based on the existence or absence of donor imposed restrictions and the nature of those restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Cash and Cash Equivalents

For purposes of the statements of cash flows, management considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable is recorded net of an allowance for doubtful accounts. The allowance is estimated from historical performance and projections of trends. At March 31, 2012 and 2011, the allowance for doubtful accounts was \$0.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2012 and 2011

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Income Taxes

Friends of Casco Bay is a not-for-profit organization exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined not to be a private foundation under Section 509(a) of the Code.

The Organization's policy is to record interest expense and penalties assessed by taxing authorities in general and administrative expenses. For the years ended March 31, 2012 and 2011, there was no interest or penalties expense recorded and no accrued interest and penalties.

The Organization's federal and state tax returns are open for examination for the years ended March 31, 2012, 2011 and 2010.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support when received, depending on the existence or nature of donor restrictions. Promises to give are recorded as temporarily restricted net assets until collected. When a restriction has been met or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of assets other than cash are recorded at their estimated market value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions received is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and the nature of the fund raising activity.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenue of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the same time of acquisition of such long-lived assets.

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2012 and 2011

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Revenues

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purposes or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

Property and Equipment

The Organization records property and equipment at cost, or fair market value if donated. Costs that do not significantly increase the useful life of an asset are charged to repairs and maintenance. Depreciation is computed using the straight-line method over the useful lives of the assets.

Promises to Give

Promises to give are recorded when the donor makes a promise to give to the Organization. Promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Significant promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received. All promises to give are receivable in less than one year.

Beneficial Interest in Assets Held by Others

As more fully described in Note B, the Organization is the beneficiary of an endowment fund held by Maine Community Foundation. The assets are invested in debt and equity securities and the Organization records its interest in the endowment fund at the fair value of the underlying assets. Realized and unrealized gains and losses and investment income from the fund are included in the statement of activities as nonoperating revenue. It is the Organization's intent to use transfers from the endowment fund for operations and, accordingly, transfers are included as operating revenue with a corresponding expense as nonoperating activity.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

Subsequent Events

The Organization has evaluated all subsequent events through December 21, 2012, the date the financial statements were available to be issued.

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2012 and 2011

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended March 31, 2012 and 2011 were \$1,520 and \$3,040, respectively.

NOTE B--BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In 2001, the Organization established an endowment fund (the Fund) with the Maine Community Foundation (MCF). The account is used to invest, as long-term investments, proceeds from capital campaign pledges that were collected to support the Baykeeper program. Net income from the Fund may be distributed to Friends of Casco Bay at least annually. Distributions in excess of net income may also be made to Friends of Casco Bay with the approval of MCF's Board of Directors upon recommendation of Friends of Casco Bay.

While the Organization has designated itself as the beneficiary of the Fund, MCF retains a variance power over the funds. The variance power allows MCF to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the judgment of MCF, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. At March 31, 2012 and 2011, the endowment fund had values of \$946,720 and \$954,495, respectively, which are reported in the statement of financial position as beneficial interest in assets held by others.

NOTE C--DESIGNATED NET ASSETS

Designated net assets represent unrestricted net assets designated by the Board and are comprised of the following:

	March 31, 2012	March 31, 2011
Cash reserved for contingencies	\$ 91,566	\$ 91,566
Beneficial interest in assets held by others	946,720	954,495
Totals	<u>\$ 1,038,286</u>	<u>\$ 1,046,061</u>

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2012 and 2011

NOTE D--TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent net assets restricted by outside donors for the following purposes:

	March 31, 2012	March 31, 2011
Curriculum	\$ -	\$ 14,000
Bayscaping	-	5,000
Sediment sampling	-	15,000
Ocean acidification	11,500	-
Speaker series	1,500	-
Boats fund	338,492	97,551
Probe acquisition	-	1,077
Nitrogen initiative	5,000	-
Baykeeper	26,055	26,917
Data exchange	-	20,000
Totals	<u>\$ 382,547</u>	<u>\$ 179,545</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

	Year Ended March 31, 2012	Year Ended March 31, 2011
Curriculum	\$ 14,000	\$ 12,500
Water quality program	-	37,000
Nutrient criteria	-	2,500
Bayscaping	5,000	-
Storm drain stenciling	-	5,750
Baykeeper	26,917	19,095
Data exchange	20,000	-
Probe acquisition	1,077	-
Sediment sampling	15,000	-
Boats fund	21,701	-
Net assets released from restrictions	<u>\$ 103,695</u>	<u>\$ 76,845</u>

NOTE E--SIGNIFICANT CONCENTRATION OF CREDIT RISK

The Organization maintains a majority of its cash balances in one financial institution located in South Portland, Maine. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Balances in certain accounts sometimes exceed this amount.

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2012 and 2011

NOTE F--IN-KIND GIFTS

In-kind gifts are valued at the fair market of the services or goods received based on an arms-length transaction.

During the years ended March 31, 2012 and 2011, in-kind contributions consisted of the following:

	Year Ended March 31, 2012	Year Ended March 31, 2011
Water quality monitoring	\$ 54,507	\$ 59,702
Baykeeper	13,148	6,857
Pumpout	3,380	3,270
Fundraising	2,941	-
Film Festival	3,268	21,984
Office equipment, supplies, and meetings	399	-
	<u>\$ 77,643</u>	<u>\$ 91,813</u>

NOTE G--LINE OF CREDIT

At March 31, 2012 and 2011, the Organization had a line of credit available for \$50,000. There was no balance outstanding at March 31, 2012 or 2011. Terms of the credit agreement provide for interest at the Wall Street Journal prime rate. All accounts receivable, equipment, inventory, and general intangibles of Friends of Casco Bay are assigned as collateral.

NOTE H--LONG TERM DEBT

At March 31, 2012 and 2011, long-term debt consisted of the following:

	2012	2011
Note payable in monthly installments of \$524 at an interest rate of 0%. The note matures June 2013 and is secured by a vehicle.	\$ 7,337	\$ 13,625
Less: current portion of long-term debt	<u>6,288</u>	<u>6,288</u>
	<u>\$ 1,049</u>	<u>\$ 7,337</u>

Maturities of long-term debt for the year ending March 31, 2013 are \$1,049.

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2012 and 2011

NOTE I--LEASE

The Organization rents its single office location from Southern Maine Community College as a tenant at will. Office and other rent expense for the years ended March 31, 2012 and 2011 was \$18,585 and \$16,900, respectively.

NOTE J--RETIREMENT PLAN

The Organization has a tax deferred annuity plan established under Section 403(b) of the Internal Revenue Code. All employees with at least one year of service are eligible to participate and may elect to defer compensation up to the maximum amount allowed by the IRS. In addition, the Organization makes matching contributions for eligible employees. The Organization's contributions for the year ended March 31, 2012 and 2011 were \$15,435 and \$13,952, respectively.

NOTE K--FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Organization's financial instruments approximate their carrying amounts, either because the expected collection or payment period is relatively short or because the terms are similar to market terms.

See independent accountants' compilation report.

