

**Financial Statements**

**Friends of Casco Bay**

**March 31, 2013**

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FRIENDS OF CASCO BAY

March 31, 2013

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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, 2013 and 2012, 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.*

May 31, 2013

STATEMENTS OF FINANCIAL POSITION

FRIENDS OF CASCO BAY

March 31, 2013 and 2012

ASSETS	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 133,746	\$ 178,922
Contingency fund cash	91,566	91,566
Boats fund cash	227,633	272,896
Accounts receivable	17,909	19,021
Promises to give	28,421	65,970
Prepaid expenses	12,879	7,473
TOTAL CURRENT ASSETS	<u>512,154</u>	<u>635,848</u>
<b>PROPERTY AND EQUIPMENT</b>		
Equipment and furnishings	88,228	55,862
Vehicle	31,441	31,441
Boats	196,468	107,020
TOTAL PROPERTY AND EQUIPMENT	<u>316,137</u>	<u>194,323</u>
Less accumulated depreciation	184,374	176,291
NET PROPERTY AND EQUIPMENT	<u>131,763</u>	<u>18,032</u>
<b>OTHER ASSETS</b>		
Beneficial interest in assets held by others	990,351	946,720
	<u>990,351</u>	<u>946,720</u>
TOTAL ASSETS	<u>\$ 1,634,268</u>	<u>\$ 1,600,600</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,817	\$ 6,250
Other current liabilities	1,848	7,021
Current portion of long-term debt	1,049	6,288
Accrued vacation	28,031	29,316
TOTAL CURRENT LIABILITIES	<u>32,745</u>	<u>48,875</u>
LONG-TERM DEBT, net of current portion		1,049
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	242,250	129,843
Designated	1,081,917	1,038,286
TOTAL UNRESTRICTED NET ASSETS	<u>1,324,167</u>	<u>1,168,129</u>
Temporarily restricted net assets	277,356	382,547
TOTAL NET ASSETS	<u>1,601,523</u>	<u>1,550,676</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,634,268</u>	<u>\$ 1,600,600</u>

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

## STATEMENTS OF ACTIVITIES

## FRIENDS OF CASCO BAY

Years Ended March 31, 2013 and 2012

	Year Ended March 31, 2013			Year Ended
	Unrestricted	Temporarily Restricted	Total	March 31, 2012 Total
<b>OPERATING ACTIVITY</b>				
Operating Revenues				
Individual gifts	\$ 185,866	\$ 83,265	\$ 269,131	\$ 350,346
Corporate gifts	46,996	4,025	51,021	68,979
Foundation grants	208,510	3,990	212,500	280,750
Government grants and contracts	131,557	4,733	136,290	130,610
Nonprofit contributions	12,753	-	12,753	14,451
In-kind gifts	109,254	-	109,254	77,643
Fundraising events	23,939	-	23,939	18,944
Investment income	298	-	298	1,233
Miscellaneous income	8,674	-	8,674	8,995
Transfers from beneficial interest in assets held by others to operations	20,760	16,000	36,760	34,740
Net assets released from restrictions	106,472	(106,472)	-	-
<b>TOTAL OPERATING REVENUES</b>	<u>855,079</u>	<u>5,541</u>	<u>860,620</u>	<u>986,691</u>
Program Service Expenses				
Baykeeper operations	277,654	-	277,654	299,874
Water quality monitoring program	277,067	-	277,067	209,239
Pumpout boat program	26,839	-	26,839	32,169
<b>TOTAL PROGRAM SERVICES</b>	<u>581,560</u>	<u>-</u>	<u>581,560</u>	<u>541,282</u>
Management and general expenses	113,350	-	113,350	94,499
Fundraising expenses	158,880	-	158,880	145,586
<b>TOTAL OPERATING EXPENSES</b>	<u>853,790</u>	<u>-</u>	<u>853,790</u>	<u>781,367</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<u>1,289</u>	<u>5,541</u>	<u>6,830</u>	<u>205,324</u>
<b>NONOPERATING ACTIVITY</b>				
Net assets released from restrictions for capital acquisitions	111,118	(111,118)		
Investment income	6,399	386	6,785	8,972
Net realized and unrealized investment gains	82,098	-	82,098	26,157
Transfers to operations from beneficial interest in assets held by others	(36,760)	-	(36,760)	(34,740)
Investment fees	(8,106)	-	(8,106)	(7,864)
<b>CHANGES IN NET ASSETS FROM     NONOPERATING ACTIVITY</b>	<u>154,749</u>	<u>(110,732)</u>	<u>44,017</u>	<u>(7,475)</u>
<b>INCREASE IN NET ASSETS</b>	<u>156,038</u>	<u>(105,191)</u>	<u>50,847</u>	<u>197,849</u>
NET ASSETS AT BEGINNING OF PERIOD	<u>1,168,129</u>	<u>382,547</u>	<u>1,550,676</u>	<u>1,352,827</u>
NET ASSETS AT END OF PERIOD	<u>\$ 1,324,167</u>	<u>\$ 277,356</u>	<u>\$ 1,601,523</u>	<u>\$ 1,550,676</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

FRIENDS OF CASCO BAY

Year Ended March 31, 2013

	Baykeeper Operations	Water Quality Monitoring	Pumpout Boat	Total Programs	Management & General	Fundraising Expenses	Total Expenses
<b>PERSONNEL</b>							
Salaries and wages	\$ 182,434	\$ 114,644	\$ 13,264	\$ 310,342	\$ 79,030	\$ 71,230	\$ 460,602
Employee benefits and taxes	38,239	27,499	1,624	67,362	15,640	17,010	100,012
	<u>220,673</u>	<u>142,143</u>	<u>14,888</u>	<u>377,704</u>	<u>94,670</u>	<u>88,240</u>	<u>560,614</u>
<b>OTHER EXPENSES</b>							
Advertising	1,080	-	-	1,080	-	4,376	5,456
Boat and truck operation	5,721	4,504	2,253	12,478	-	-	12,478
Computer/copier expense	1,815	1,270	174	3,259	1,047	985	5,291
Conferences, seminars, meetings	1,876	-	-	1,876	1,502	6,664	10,042
Depreciation expense - boat and truck	5,062	3,429	503	8,994	-	-	8,994
Depreciation expense - other	-	1,195	1,791	2,986	2,417	1,083	6,486
Dues, subscriptions, publications	1,549	299	41	1,889	247	1,067	3,203
In-kind expenses	6,599	90,320	1,213	98,132	1,206	9,916	109,254
Insurance	1,825	2,446	1,621	5,892	452	425	6,769
Internet fees	68	48	7	123	39	37	199
Licenses and fees	194	-	57	251	2,111	389	2,751
Office supplies/services	1,707	1,194	164	3,065	985	926	4,976
Payroll processing service	887	620	85	1,592	512	481	2,585
Printing and postage	8,604	352	58	9,014	463	27,090	36,567
Professional fees	1,841	10,719	111	12,671	666	627	13,964
Rent	8,227	3,905	536	12,668	3,810	6,101	22,579
Repairs and maintenance	19	810	1,402	2,231	-	111	2,342
Supplies	4,925	10,136	1,661	16,722	1,079	7,149	24,950
Technical support	-	-	-	-	-	1,438	1,438
Telephone	2,426	968	216	3,610	769	661	5,040
Travel and meals	1,951	2,286	-	4,237	1,026	786	6,049
Utilities	605	423	58	1,086	349	328	1,763
	<u>\$ 277,654</u>	<u>\$ 277,067</u>	<u>\$ 26,839</u>	<u>\$ 581,560</u>	<u>\$ 113,350</u>	<u>\$ 158,880</u>	<u>\$ 853,790</u>

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	Total Programs	Management & General	Fundraising Expenses	Total Expenses
<b>PERSONNEL</b>							
Salaries and wages	\$ 190,053	\$ 90,899	\$ 15,762	\$ 296,714	\$ 64,149	\$ 85,854	\$ 446,717
Employee benefits and taxes	46,105	24,108	2,272	72,485	15,530	20,831	108,846
	<u>236,158</u>	<u>115,007</u>	<u>18,034</u>	<u>369,199</u>	<u>79,679</u>	<u>106,685</u>	<u>555,563</u>
<b>OTHER EXPENSES</b>							
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	1,812	978	182	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	1,654	348	28	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	899	879	2,403	4,181	418	413	5,012
Internet fees	107	58	11	176	50	49	275
Licenses and fees	-	-	100	100	250	-	350
Laboratory fees	-	2,056	-	2,056	-	-	2,056
Office supplies/services	2,371	944	176	3,491	908	803	5,202
Payroll processing service	936	456	71	1,463	316	423	2,202
Printing and postage	5,390	1,339	87	6,816	969	9,171	16,956
Professional fees	2,217	669	125	3,011	576	964	4,551
Rent	6,542	3,410	635	10,587	2,936	5,062	18,585
Repairs and maintenance	-	-	643	643	-	-	643
Service charges and fees	-	-	-	-	2,585	-	2,585
Supplies	5,588	5,701	788	12,077	-	9,008	21,085
Telephone	2,568	686	235	3,489	456	451	4,396
Travel and meals	2,974	1,510	-	4,484	630	865	5,979
Utilities	645	348	65	1,058	300	296	1,654
	<u>\$ 299,874</u>	<u>\$ 209,239</u>	<u>\$ 32,169</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.

STATEMENTS OF CASH FLOWS

FRIENDS OF CASCO BAY

Years Ended March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 50,847	\$ 197,849
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	15,480	16,949
Net realized and unrealized investment gains	(82,098)	(26,157)
Changes in operating assets and liabilities:		
Accounts receivable	1,112	23,078
Promises to give	37,549	9,383
Prepaid expenses	(5,406)	7,301
Accounts payable	(4,433)	5,029
Other current liabilities	(5,173)	86
Accrued vacation	(1,285)	6,470
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>6,593</u>	<u>239,988</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(129,211)	(2,986)
Transfers from beneficial interest in assets held by others	36,760	34,740
Net investment income reinvested		(808)
Net investment fees paid from beneficial interest in assets held by others	1,707	
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(90,744)</u>	<u>30,946</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 (DECREASE) INCREASE IN CASH	(90,439)	264,646
Cash at beginning of year	<u>543,384</u>	<u>278,738</u>
CASH AT END OF YEAR	<u>\$ 452,945</u>	<u>\$ 543,384</u>
Operating cash	\$ 133,746	\$ 178,922
Contingency fund cash	91,566	91,566
Boats fund cash	<u>227,633</u>	<u>272,896</u>
	<u>\$ 452,945</u>	<u>\$ 543,384</u>

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



## NOTES TO FINANCIAL STATEMENTS

### FRIENDS OF CASCO BAY

March 31, 2013 and 2012

#### 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, 2013 and 2012, 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, 2013 and 2012

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 tax related interest expense and penalties assessed by taxing authorities in general and administrative expenses. For the years ended March 31, 2013 and 2012, there was no tax related 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, 2013, 2012 and 2011.

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, 2013 and 2012

#### 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 May 31, 2013, 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, 2013 and 2012

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, 2013 and 2012 were \$5,456 and \$1,520, respectively.

Reclassifications

Certain items in the 2012 financial statements have been reclassified to permit comparability.

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, 2013 and 2012, the endowment fund had values of \$990,351 and \$946,720, 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, 2013	March 31, 2012
Cash reserved for contingencies	\$ 91,566	\$ 91,566
Beneficial interest in assets held by others	990,351	946,720
Totals	<u>\$ 1,081,917</u>	<u>\$ 1,038,286</u>

See independent accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

FRIENDS OF CASCO BAY

March 31, 2013 and 2012

NOTE D--TEMPORARILY RESTRICTED NET ASSETS

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

	March 31, 2013	March 31, 2012
Boats fund	\$ 254,123	\$ 338,492
Time restricted	2,500	-
Baykeeper	16,000	26,055
Bayscaping education	4,733	
Ocean acidification	-	11,500
Speaker series	-	1,500
Nitrogen initiative	-	5,000
	<u>          </u>	<u>          </u>
Totals	<u>\$ 277,356</u>	<u>\$ 382,547</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, 2013	Year Ended March 31, 2012
Curriculum	\$ -	\$ 14,000
Ocean acidification	11,500	-
Speaker series	1,500	-
Nitrogen initiative	5,000	-
Bayscaping	-	5,000
Baykeeper	26,055	26,917
Data exchange	-	20,000
Probe acquisition	-	1,077
Sediment sampling	-	15,000
Boats fund	55,617	
Fleet expenses	6,800	21,701
	<u>          </u>	<u>          </u>
Net assets released from restrictions	<u>\$ 106,472</u>	<u>\$ 103,695</u>
Net assets released from restrictions for capital acquisitions	<u>\$ 111,118</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, 2013 and 2012

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, 2013 and 2012, in-kind contributions consisted of the following:

	<u>Year Ended</u> <u>March 31, 2013</u>	<u>Year Ended</u> <u>March 31, 2012</u>
Water quality monitoring	\$ 90,320	\$ 54,507
Baykeeper	910	13,148
Pumpout	1,213	3,380
Fundraising	4,228	2,941
Film Festival	11,378	3,268
Office equipment, supplies, and meetings	1,205	399
	<u>\$ 109,254</u>	<u>\$ 77,643</u>

NOTE G--LINE OF CREDIT

At March 31, 2013 and 2012, the Organization had a line of credit available for \$50,000. There was no balance outstanding at March 31, 2013 or 2012. 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, 2013 and 2012, long-term debt consisted of the following:

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

NOTE I--LEASE

The Organization rents its single office location from Southern Maine Community College. The term of the lease is for three years beginning March 1, 2013 and expiring February 29, 2016. The Organization pays \$1,420 per month increasing 3% each year beginning March 1, 2013. Office and other rent expense for the years ended March 31, 2013 and 2012 was \$22,579 and \$18,585, 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, 2013 and 2012 were \$17,878 and \$15,435, 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.