



**AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

**BUZZARDS BAY COALITION, INC. AND AFFILIATE**

Contents  
September 30, 2017 and 2016

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## Independent Auditor's Report

To the Board of Directors of  
Buzzards Bay Coalition, Inc.:

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Buzzards Bay Coalition, Inc. (a Massachusetts corporation, not for profit) and the Acushnet River Reserve, Inc. (collectively, the Organization), which comprise the combined statements of financial position as of September 30, 2017 and 2016, and the related combined statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the combined financial statements.

### ***Management's Responsibility for the Combined Financial Statements***

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Buzzards Bay Coalition, Inc. and Affiliate as of September 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information shown on pages 21 and 22 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Alexander, Brown, Fenning & Co., P.C.*

Boston, Massachusetts  
January 23, 2018

**BUZZARDS BAY COALITION, INC. AND AFFILIATE**

 Combined Statements of Financial Position  
 September 30, 2017 and 2016

| Assets                                | 2017                |                        |                        |                      | 2016                |                        |                        |                      |
|---------------------------------------|---------------------|------------------------|------------------------|----------------------|---------------------|------------------------|------------------------|----------------------|
|                                       | Unrestricted        | Temporarily Restricted | Permanently Restricted | Total                | Unrestricted        | Temporarily Restricted | Permanently Restricted | Total                |
| <b>Current Assets:</b>                |                     |                        |                        |                      |                     |                        |                        |                      |
| Cash                                  | \$ 3,671            | \$ 1,036,429           | \$ 879,409             | \$ 1,919,509         | \$ -                | \$ 87,865              | \$ 679,224             | \$ 767,089           |
| Accounts and contracts receivable     | 143,587             | 2,260                  | -                      | 145,847              | 218,714             | 10,000                 | -                      | 228,714              |
| Current portion of pledges receivable | 301,427             | 1,520,275              | -                      | 1,821,702            | 139,821             | 760,339                | 56,084                 | 956,244              |
| Other assets                          | 74,907              | -                      | -                      | 74,907               | 70,372              | -                      | -                      | 70,372               |
| Current portion of due (to) from      | (416,981)           | 416,981                | -                      | -                    | (593,217)           | 593,217                | -                      | -                    |
| Total current assets                  | <u>106,611</u>      | <u>2,975,945</u>       | <u>879,409</u>         | <u>3,961,965</u>     | <u>(164,310)</u>    | <u>1,451,421</u>       | <u>735,308</u>         | <u>2,022,419</u>     |
| Property and Equipment, net           | 4,813,524           | -                      | -                      | 4,813,524            | 4,250,281           | -                      | -                      | 4,250,281            |
| <b>Other Assets:</b>                  |                     |                        |                        |                      |                     |                        |                        |                      |
| Pledges receivable, net               | 295,000             | 1,096,806              | 202,500                | 1,594,306            | -                   | 705,570                | 93,750                 | 799,320              |
| Investments                           | 115,188             | 544,871                | 1,126,100              | 1,786,159            | 45,183              | 77,295                 | 1,827,157              | 1,949,635            |
| Conservation properties               | 1,768,361           | -                      | -                      | 1,768,361            | 1,544,741           | -                      | -                      | 1,544,741            |
| Interfund borrowing - Allen's Pond    | (300,000)           | -                      | 300,000                | -                    | -                   | -                      | -                      | -                    |
| Due (to) from, net of current portion | (621,903)           | -                      | 621,903                | -                    | (348,531)           | -                      | 348,531                | -                    |
| Total other assets                    | <u>1,256,646</u>    | <u>1,641,677</u>       | <u>2,250,503</u>       | <u>5,148,826</u>     | <u>1,241,393</u>    | <u>782,865</u>         | <u>2,269,438</u>       | <u>4,293,696</u>     |
| Total assets                          | <u>\$ 6,176,781</u> | <u>\$ 4,617,622</u>    | <u>\$ 3,129,912</u>    | <u>\$ 13,924,315</u> | <u>\$ 5,327,364</u> | <u>\$ 2,234,286</u>    | <u>\$ 3,004,746</u>    | <u>\$ 10,566,396</u> |
| <b>Liabilities and Net Assets</b>     |                     |                        |                        |                      |                     |                        |                        |                      |
| <b>Current Liabilities:</b>           |                     |                        |                        |                      |                     |                        |                        |                      |
| Line of credit                        | \$ 250,000          | \$ -                   | \$ -                   | \$ 250,000           | \$ 126,345          | \$ -                   | \$ -                   | \$ 126,345           |
| Current portion of notes payable      | 522,979             | -                      | -                      | 522,979              | 250,000             | -                      | -                      | 250,000              |
| Accounts payable and accrued expenses | 115,022             | -                      | -                      | 115,022              | 126,820             | -                      | -                      | 126,820              |
| Deferred revenues                     | 160,681             | -                      | -                      | 160,681              | 109,937             | -                      | -                      | 109,937              |
| Total current liabilities             | <u>1,048,682</u>    | <u>-</u>               | <u>-</u>               | <u>1,048,682</u>     | <u>613,102</u>      | <u>-</u>               | <u>-</u>               | <u>613,102</u>       |
| Notes Payable, net of current portion | 150,000             | -                      | -                      | 150,000              | 352,708             | -                      | -                      | 352,708              |
| Total liabilities                     | <u>1,198,682</u>    | <u>-</u>               | <u>-</u>               | <u>1,198,682</u>     | <u>965,810</u>      | <u>-</u>               | <u>-</u>               | <u>965,810</u>       |
| <b>Net Assets:</b>                    |                     |                        |                        |                      |                     |                        |                        |                      |
| Unrestricted                          | 4,978,099           | -                      | -                      | 4,978,099            | 4,361,554           | -                      | -                      | 4,361,554            |
| Temporarily restricted                | -                   | 4,617,622              | -                      | 4,617,622            | -                   | 2,234,286              | -                      | 2,234,286            |
| Permanently restricted                | -                   | -                      | 3,129,912              | 3,129,912            | -                   | -                      | 3,004,746              | 3,004,746            |
| Total net assets                      | <u>4,978,099</u>    | <u>4,617,622</u>       | <u>3,129,912</u>       | <u>12,725,633</u>    | <u>4,361,554</u>    | <u>2,234,286</u>       | <u>3,004,746</u>       | <u>9,600,586</u>     |
| Total liabilities and net assets      | <u>\$ 6,176,781</u> | <u>\$ 4,617,622</u>    | <u>\$ 3,129,912</u>    | <u>\$ 13,924,315</u> | <u>\$ 5,327,364</u> | <u>\$ 2,234,286</u>    | <u>\$ 3,004,746</u>    | <u>\$ 10,566,396</u> |

The accompanying notes are an integral part of these combined statements.

**BUZZARDS BAY COALITION, INC. AND AFFILIATE**

 Combined Statements of Activities and Changes in Net Assets  
 For the Years Ended September 30, 2017 and 2016

|   | 2017                |                        |                        |                      | 2016                |                        |                        |                     |
|---|---------------------|------------------------|------------------------|----------------------|---------------------|------------------------|------------------------|---------------------|
|   | Unrestricted        | Temporarily Restricted | Permanently Restricted | Total                | Unrestricted        | Temporarily Restricted | Permanently Restricted | Total               |
| <b>Support and Revenue:</b>                     |                     |                        |                        |                      |                     |                        |                        |                     |
| Grants and contributions                        | \$ 1,031,539        | \$ 3,275,846           | \$ -                   | \$ 4,307,385         | \$ 1,020,225        | \$ 2,399,735           | \$ -                   | \$ 3,419,960        |
| In-kind goods and services                      | 905,062             | -                      | -                      | 905,062              | 419,049             | -                      | -                      | 419,049             |
| Government contracts                            | 901,901             | -                      | -                      | 901,901              | 1,316,626           | -                      | -                      | 1,316,626           |
| Fundraising events                              | 329,376             | -                      | -                      | 329,376              | 286,113             | -                      | -                      | 286,113             |
| Membership fees                                 | 102,417             | -                      | -                      | 102,417              | 115,490             | -                      | -                      | 115,490             |
| Investment income appropriated for operations   | 84,759              | -                      | -                      | 84,759               | 76,698              | -                      | -                      | 76,698              |
| Rental income                                   | 22,030              | -                      | -                      | 22,030               | 9,185               | -                      | -                      | 9,185               |
| Miscellaneous income                            | 20,888              | -                      | -                      | 20,888               | 15,671              | -                      | -                      | 15,671              |
| Net assets released from purpose restrictions   | 2,382,849           | (2,382,849)            | -                      | -                    | 587,846             | (587,846)              | -                      | -                   |
| Net assets released from time restriction       | 360,000             | (360,000)              | -                      | -                    | 90,932              | (90,932)               | -                      | -                   |
| Total support and revenue                       | <u>6,140,821</u>    | <u>532,997</u>         | <u>-</u>               | <u>6,673,818</u>     | <u>3,937,835</u>    | <u>1,720,957</u>       | <u>-</u>               | <u>5,658,792</u>    |
| <b>Expenses:</b>                                |                     |                        |                        |                      |                     |                        |                        |                     |
| Program services                                | 5,434,826           | -                      | -                      | 5,434,826            | 3,364,089           | -                      | -                      | 3,364,089           |
| Fundraising and development                     | 496,333             | -                      | -                      | 496,333              | 560,710             | -                      | -                      | 560,710             |
| General and administrative                      | 298,901             | -                      | -                      | 298,901              | 298,101             | -                      | -                      | 298,101             |
| Total expenses                                  | <u>6,230,060</u>    | <u>-</u>               | <u>-</u>               | <u>6,230,060</u>     | <u>4,222,900</u>    | <u>-</u>               | <u>-</u>               | <u>4,222,900</u>    |
| Changes in net assets from operations           | <u>(89,239)</u>     | <u>532,997</u>         | <u>-</u>               | <u>443,758</u>       | <u>(285,065)</u>    | <u>1,720,957</u>       | <u>-</u>               | <u>1,435,892</u>    |
| <b>Other Revenues (Expenses):</b>               |                     |                        |                        |                      |                     |                        |                        |                     |
| Capital grants                                  | -                   | 1,901,224              | -                      | 1,901,224            | -                   | 50,000                 | -                      | 50,000              |
| Donated property                                | 500,000             | -                      | -                      | 500,000              | -                   | -                      | -                      | -                   |
| Investment return                               | 1,720               | 237,582                | -                      | 239,302              | 2,141               | 131,372                | -                      | 133,513             |
| Endowment contributions                         | -                   | -                      | 125,166                | 125,166              | -                   | -                      | 125,000                | 125,000             |
| Gain on sale of property and equipment          | 356                 | -                      | -                      | 356                  | -                   | -                      | -                      | -                   |
| Net gain on unwind of Buzzards Bay Center, Inc. | -                   | -                      | -                      | -                    | 912,208             | -                      | -                      | 912,208             |
| Interest income on notes receivable             | -                   | -                      | -                      | -                    | 5,290               | -                      | -                      | 5,290               |
| Net assets released from capital restrictions   | 203,708             | (203,708)              | -                      | -                    | -                   | -                      | -                      | -                   |
| Investment income appropriated for operations   | -                   | (84,759)               | -                      | (84,759)             | (2,442)             | (74,256)               | -                      | (76,698)            |
| Total other revenues (expenses)                 | <u>705,784</u>      | <u>1,850,339</u>       | <u>125,166</u>         | <u>2,681,289</u>     | <u>917,197</u>      | <u>107,116</u>         | <u>125,000</u>         | <u>1,149,313</u>    |
| Changes in net assets                           | <u>616,545</u>      | <u>2,383,336</u>       | <u>125,166</u>         | <u>3,125,047</u>     | <u>632,132</u>      | <u>1,828,073</u>       | <u>125,000</u>         | <u>2,585,205</u>    |
| <b>Net Assets:</b>                              |                     |                        |                        |                      |                     |                        |                        |                     |
| Beginning of year                               | <u>4,361,554</u>    | <u>2,234,286</u>       | <u>3,004,746</u>       | <u>9,600,586</u>     | <u>3,729,422</u>    | <u>406,213</u>         | <u>2,879,746</u>       | <u>7,015,381</u>    |
| End of year                                     | <u>\$ 4,978,099</u> | <u>\$ 4,617,622</u>    | <u>\$ 3,129,912</u>    | <u>\$ 12,725,633</u> | <u>\$ 4,361,554</u> | <u>\$ 2,234,286</u>    | <u>\$ 3,004,746</u>    | <u>\$ 9,600,586</u> |

The accompanying notes are an integral part of these combined statements.

**BUZZARDS BAY COALITION, INC. AND AFFILIATE**

Combined Statements of Cash Flows  
For the Years Ended September 30, 2017 and 2016

|  | <u>2017</u>         | <u>2016</u>        |
|--|---------------------|--------------------|
| <b>Cash Flows from Operating Activities:</b>   |                     |                    |
| Changes in net assets  | \$ 3,125,047        | \$ 2,585,205       |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: |                     |                    |
| Depreciation   | 202,595             | 183,139            |
| Change in reserve for uncollectible pledges  | 62,429              | 25,643             |
| Change in discount of pledges receivable   | 51,127              | 24,180             |
| Loss on impairment on conservation properties  | 500,541             | 427,568            |
| Donated property   | (500,000)           | -                  |
| Capital grants   | (1,901,224)         | (50,000)           |
| Net realized and unrealized gains on investments   | (198,826)           | (100,687)          |
| Net gain on unwind of Buzzards Bay Center, Inc.  | -                   | (912,208)          |
| Gain on sale of property and equipment   | (356)               | -                  |
| Endowment contributions  | (125,166)           | (125,000)          |
| Interest income on notes receivable  | -                   | (5,290)            |
| Changes in operating assets and liabilities:   |                     |                    |
| Accounts and contracts receivable  | 82,867              | (59,964)           |
| Pledges receivable   | (41,334)            | (1,411,108)        |
| Other assets   | (4,535)             | 9,514              |
| Accounts payable and accrued expenses  | (11,798)            | (80,612)           |
| Deferred revenues  | 50,744              | 4,066              |
| Net cash provided by operating activities  | <u>1,292,111</u>    | <u>514,446</u>     |
| <b>Cash Flows from Investing Activities:</b>   |                     |                    |
| Proceeds from sale of investments  | 401,057             | 100,000            |
| Purchase of investments  | (38,755)            | (405,685)          |
| Acquisition of property and equipment  | (278,012)           | (176,991)          |
| Acquisition of conservation properties   | (724,161)           | (846,621)          |
| Proceeds from sale of property and equipment   | 12,530              | -                  |
| Proceeds from sale of conservation properties held for sale                                  | -                   | 16,116             |
| Net cash used in investing activities  | <u>(627,341)</u>    | <u>(1,313,181)</u> |
| <b>Cash Flows from Financing Activities:</b>   |                     |                    |
| Line of credit   | 123,655             | 126,345            |
| Proceeds from notes payable, net   | 70,271              | 434,844            |
| Capital grants received  | 221,224             | -                  |
| Endowment contributions  | 72,500              | 290,000            |
| Net cash provided by financing activities  | <u>487,650</u>      | <u>851,189</u>     |
| <b>Net Change in Cash</b>  | 1,152,420           | 52,454             |
| <b>Cash:</b>   |                     |                    |
| Beginning of year  | <u>767,089</u>      | <u>714,635</u>     |
| End of year  | <u>\$ 1,919,509</u> | <u>\$ 767,089</u>  |
| <b>Supplemental Disclosure of Non-Cash Transactions:</b>                                     |                     |                    |
| Cash paid for interest   | <u>\$ 15,420</u>    | <u>\$ 53,762</u>   |

The accompanying notes are an integral part of these combined statements.

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**BUZZARDS BAY COALITION, INC. AND AFFILIATE**

Combined Statements of Functional Expenses  
For the Years Ended September 30, 2017 and 2016

|   | 2017                |                             |                            |                     | 2016                |                             |                            |                     |
|---|---------------------|-----------------------------|----------------------------|---------------------|---------------------|-----------------------------|----------------------------|---------------------|
|   | Program Services    | Fundraising and Development | General and Administrative | Total Expenses      | Program Services    | Fundraising and Development | General and Administrative | Total Expenses      |
| <b>Personnel and Related:</b>                 |                     |                             |                            |                     |                     |                             |                            |                     |
| Salaries                                      | \$ 828,166          | \$ 283,283                  | \$ 66,867                  | \$ 1,178,316        | \$ 839,539          | \$ 267,763                  | \$ 64,959                  | \$ 1,172,261        |
| Employee benefits                             | 109,369             | 26,457                      | 16,517                     | 152,343             | 86,902              | 24,460                      | 9,134                      | 120,496             |
| Payroll taxes                                 | 58,995              | 30,499                      | 5,048                      | 94,542              | 70,364              | 22,442                      | 5,444                      | 98,250              |
| Contract labor                                | -                   | -                           | 93,000                     | 93,000              | -                   | -                           | 93,000                     | 93,000              |
| Total personnel and related                   | <u>996,530</u>      | <u>340,239</u>              | <u>181,432</u>             | <u>1,518,201</u>    | <u>996,805</u>      | <u>314,665</u>              | <u>172,537</u>             | <u>1,484,007</u>    |
| <b>Occupancy:</b>                             |                     |                             |                            |                     |                     |                             |                            |                     |
| Depreciation                                  | 167,045             | 19,027                      | 16,523                     | 202,595             | 137,354             | 23,808                      | 21,977                     | 183,139             |
| Rent  | 29,582              | -                           | -                          | 29,582              | 56,598              | 9,810                       | 8,380                      | 74,788              |
| Facility maintenance                          | 18,716              | 2,249                       | 2,075                      | 23,040              | 15,238              | 2,641                       | 2,438                      | 20,317              |
| Utilities                                     | 16,811              | 2,183                       | 2,015                      | 21,009              | 12,615              | 2,187                       | 2,018                      | 16,820              |
| Interest expense                              | 6,985               | -                           | 8,435                      | 15,420              | 38,718              | 6,711                       | 6,195                      | 51,624              |
| Total occupancy                               | <u>239,139</u>      | <u>23,459</u>               | <u>29,048</u>              | <u>291,646</u>      | <u>260,523</u>      | <u>45,157</u>               | <u>41,008</u>              | <u>346,688</u>      |
| <b>Operations:</b>                            |                     |                             |                            |                     |                     |                             |                            |                     |
| Land protection costs                         | 2,112,195           | -                           | -                          | 2,112,195           | 365,397             | -                           | 379                        | 365,776             |
| Legal services                                | 939,852             | -                           | 460                        | 940,312             | 416,551             | -                           | 1,000                      | 417,551             |
| Loss on impairment of conservation properties | 500,541             | -                           | -                          | 500,541             | 427,568             | -                           | -                          | 427,568             |
| Contractual services                          | 337,492             | 3,567                       | -                          | 341,059             | 557,910             | 72,531                      | 700                        | 631,141             |
| Lab analysis                                  | 100,888             | -                           | -                          | 100,888             | 92,694              | -                           | -                          | 92,694              |
| Printing and postage                          | 34,737              | 27,630                      | 612                        | 62,979              | 25,811              | 29,802                      | 5,091                      | 60,704              |
| Events  | 30,515              | 30,515                      | -                          | 61,030              | 26,903              | 26,805                      | -                          | 53,708              |
| Software maintenance                          | 18,435              | 18,435                      | 6,764                      | 43,634              | 18,644              | 18,644                      | 5,020                      | 42,308              |
| Insurance                                     | 9,444               | 560                         | 33,110                     | 43,114              | 27,155              | 800                         | 10,515                     | 38,470              |
| Program supplies                              | 39,667              | 992                         | 159                        | 40,818              | 55,670              | 52                          | -                          | 55,722              |
| Meetings and events                           | 3,045               | 18,294                      | 10,868                     | 32,207              | 21,341              | 15,488                      | 8,403                      | 45,232              |
| Office equipment and supplies                 | 21,520              | 6,672                       | 2,919                      | 31,111              | 20,974              | 6,778                       | 1,023                      | 28,775              |
| Travel  | 19,542              | 4,802                       | 1,073                      | 25,417              | 22,249              | 3,006                       | 710                        | 25,965              |
| Accounting and audit                          | -                   | -                           | 24,397                     | 24,397              | -                   | -                           | 28,425                     | 28,425              |
| IT services                                   | 12,314              | 3,546                       | 1,773                      | 17,633              | 8,202               | 2,689                       | 430                        | 11,321              |
| Bank and credit card fees                     | -                   | 12,409                      | 3,881                      | 16,290              | -                   | 10,392                      | 3,499                      | 13,891              |
| Telephone                                     | 8,161               | 954                         | 477                        | 9,592               | 6,657               | 2,151                       | 325                        | 9,133               |
| Payroll services                              | 5,692               | 1,869                       | 935                        | 8,496               | 5,420               | 1,752                       | 264                        | 7,436               |
| Miscellaneous                                 | 1,727               | 2,390                       | 598                        | 4,715               | 2,323               | 1,814                       | 727                        | 4,864               |
| Membership dues                               | 3,390               | -                           | 395                        | 3,785               | 5,292               | 341                         | 245                        | 5,878               |
| Bad debt                                      | -                   | -                           | -                          | -                   | -                   | 7,843                       | 17,800                     | 25,643              |
| Total operations                              | <u>4,199,157</u>    | <u>132,635</u>              | <u>88,421</u>              | <u>4,420,213</u>    | <u>2,106,761</u>    | <u>200,888</u>              | <u>84,556</u>              | <u>2,392,205</u>    |
| Total expenses                                | <u>\$ 5,434,826</u> | <u>\$ 496,333</u>           | <u>\$ 298,901</u>          | <u>\$ 6,230,060</u> | <u>\$ 3,364,089</u> | <u>\$ 560,710</u>           | <u>\$ 298,101</u>          | <u>\$ 4,222,900</u> |

The accompanying notes are an integral part of these combined statements.



## **BUZZARDS BAY COALITION, INC. AND AFFILIATE**

Notes to Combined Financial Statements  
September 30, 2017 and 2016

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### **1. OPERATIONS AND NONPROFIT STATUS**

#### **Buzzards Bay Coalition, Inc.**

Buzzards Bay Coalition, Inc. (the Coalition) is a not-for-profit corporation, founded in 1987 as a membership-supported organization dedicated to the protection, restoration and sustainable use and enjoyment of Buzzards Bay and its watershed. The Coalition works to improve the health of the Buzzards Bay ecosystem for all through education, conservation, research, and advocacy. The Coalition is supported primarily through membership, donor contributions and government grants.

The Coalition pursues its mission through specific programs aimed at protecting and improving Bay health and building public awareness. These programs include: a Bay-wide Water Quality Monitoring Program, which utilizes various volunteers each year to sample coastal water quality in thirty major coves and harbors; education programs aimed at creating an informed, active citizenry; a land protection program which supports the conservation of important watershed open space and habitat; and a Baykeeper advocacy program which works through the regulatory and legal process at the local, state and federal levels to support Bay restoration and protection. In 2014, the Coalition and its Affiliate, Acushnet River Reserve, Inc. (see below), received accreditation by the National Land Trust Accreditation Commission.

The Coalition and its Affiliate, as defined below, are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Sections 501(c)(3) and 501(a), respectively, of the Internal Revenue Code (IRC). The Coalition and Affiliate are also exempt from state income taxes. Contributions made to the Coalition and Affiliate are deductible by donors within the requirements of the IRC.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The Coalition and its Affiliate prepare their combined financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### **Principles of Combination**

Buzzards Bay Center, Inc. (the Center) was a nonprofit organization incorporated in May 2009 and dissolved in fiscal year 2016. It was formed to acquire real estate for the benefit of and to further support the operations and mission of the Coalition. The Coalition is the sole member of the Center. In fiscal year 2016, the Center and the Coalition, along with its lenders, executed a series of transactions to unwind the New Markets Tax Credit financing structure for the property, including the transfer of the Center's assets to the Coalition (see Note 6).

Acushnet River Reserve, Inc. (the Reserve) is a nonprofit organization incorporated in September 2010, and was formed to acquire and maintain real estate and to restore natural resources within the Acushnet River watershed for conservation, scientific, educational, and recreational purposes. The Coalition is the sole member of the Reserve.

The combined financial statements include the accounts of the Coalition, the Center and the Reserve (collectively, the Organization). The Coalition, the Center and the Reserve are related through common governance and control. All significant balances between classes of net assets and intercompany balances and transactions have been eliminated in the accompanying combined financial statements.

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets

##### *Unrestricted Net Assets*

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Organization. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors (see below).

**Board designated net assets** represent funds designated by the Board of Directors for long-term investment and growth to support operational needs. Income earned from these funds is reinvested in the fund. Annual withdrawal from this fund is based on an investment spending policy. In 2017 the Board voted to release \$100,000 from Board designated net assets (see Note 4). Board designated net assets were \$98,166 and \$196,446 as of September 30, 2017 and 2016, respectively, and are included in unrestricted net assets in the accompanying combined statements of financial position.

##### *Temporarily Restricted Net Assets*

Temporarily restricted net assets represent amounts received or committed by donors with time or purpose restrictions that have not yet been met.

Temporarily restricted net assets were available for the following purposes at September 30:

|   | <u>2017</u>         | <u>2016</u>         |
|---|---------------------|---------------------|
| Generations Campaign (2016 - )  | \$ 4,007,727        | \$ 420,563          |
| Net appreciation on permanently restricted endowments (see Note 4)      | 230,118             | 77,295              |
| Other restricted program support  | 183,609             | 231,109             |
| Watershed Protection Projects   | 110,946             | 1,438,102           |
| Advocacy and Public Education to Reduce Pollution in New Bedford Harbor | <u>85,222</u>       | <u>67,217</u>       |
| Total   | <u>\$ 4,617,622</u> | <u>\$ 2,234,286</u> |

##### *Generations Campaign – (2016 - )*

In fiscal year 2016, on the eve of the Organization's 30<sup>th</sup> anniversary, the Coalition launched the early phase of a new "Generations" capital campaign to raise funds to support the acquisition of new lands for conservation, construction of facilities to support field operations and outdoor engagement programs, and expansion of endowment to sustain the Organization and its programs for a second generation.

##### *Watershed Protection Projects*

These funds are used to support land acquisition, conservation property management and habitat restoration, and monitoring activities associated with Coalition watershed protection projects.

##### *Other Restricted Program Support*

The Coalition often receives funding restricted to specific program work. This program support will help fund core programs as well as some new initiatives central to the Coalition's mission.

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (Continued)

##### *Temporarily Restricted Net Assets* (Continued)

###### ***Advocacy and Public Education to Reduce Pollution in New Bedford Harbor***

These funds are restricted by the donor to be used specifically to educate the public and advocate for solutions to reduce nitrogen pollution in New Bedford Harbor.

###### ***Net Appreciation on Permanently Restricted Endowments***

These funds are the accumulated unspent realized and unrealized appreciation of the permanently restricted net assets (see below).

##### ***Permanently Restricted Net Assets***

Permanently restricted net assets consist of funds subject to donor-imposed restrictions requiring that the principal (historic dollar value/fund corpus) be invested in perpetuity and that only a prudent portion of the appreciation be appropriated for the support of the Coalition's charitable mission (see Note 4). Permanently restricted net assets also include a land revolving loan fund (see Note 4).

##### **Property and Equipment and Depreciation**

The Organization records property and equipment at cost, if purchased, or at fair value on the date received, if donated. Expenditures for maintenance and repairs are charged to operations as incurred. The Organization capitalizes all equipment purchases exceeding \$1,500 with useful lives in excess of one year. Land is not depreciated. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

|   |                   |
|---|-------------------|
| Buildings and improvements              | 39 years          |
| Furniture, fixtures, equipment and boat | 5 - 10 years      |
| Computer software                       | 3 years           |
| Leasehold improvements                  | Term of the lease |

##### **Accounts and Contracts Receivable and Allowance for Doubtful Accounts**

The Organization carries its accounts and contracts receivable at net realizable value. The Organization evaluates its receivables and establishes an allowance for doubtful accounts based on collections experience and current credit conditions. There was no allowance for doubtful accounts at September 30, 2017 and 2016.

##### **Pledges Receivable and Reserve for Uncollectible Pledges**

Pledges consist of written or verbal commitments from donors (see Note 5). Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value for estimated future cash flows. Conditional pledges are recorded as revenue once the condition has been met. The reserve for uncollectible pledges was \$80,229 and \$17,800 at September 30, 2017 and 2016, respectively.

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs, except for its conservation properties, which are valued using Level 3 inputs (see Note 8).

#### Investments and Spending Policy

Investments (see Note 4) are reported at fair value. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred upon sales of securities or based on fair value changes during the period.

Massachusetts follows the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). Subject to the intent of a donor, the Organization may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Board of Directors of the Organization.

Under the Organization's investment policy, the Board of Directors appropriates for operations 1% of the market value of certain components of the Organization's investment portfolio over each of the preceding four quarters throughout the year. Transfers to the operating net assets, in accordance with this policy, were \$84,759 and \$76,698 for the years ended September 30, 2017 and 2016, respectively, and are reflected as investment income appropriated for operations in the accompanying combined statements of activities and changes in net assets.

## **BUZZARDS BAY COALITION, INC. AND AFFILIATE**

Notes to Combined Financial Statements  
September 30, 2017 and 2016

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Investment Return Allocations and Spending Policy (Continued)**

The Organization has an investment policy which, combined with the spending rate, attempts to provide a predictable stream of returns combined with asset protection. Endowment assets include those assets restricted by donors that the Organization must hold in perpetuity. Under the Organization's investment policy and spending rate, both approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Subcommittee is responsible for managing the fund according to the investment policy and closely monitors the investments in order to maximize risk adjusted returns.

#### **Income Taxes**

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at September 30, 2017 and 2016. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

#### **Loans Receivable and Accrued Interest**

Loans receivable are carried at unpaid principal balances. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. There were no amounts outstanding at September 30, 2017 and 2016.

#### **Deferred Revenue**

Deferred revenue consists of prepaid annual event revenue. Amounts will be recognized as revenue as earned.

#### **Revenue Recognition**

Grants and contributions and membership fees are recorded as revenue when received or committed. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying combined statements of activities and changes in net assets as net assets released from restrictions. Government contracts are recorded when services are provided and costs are incurred. Fundraising events revenue is recognized in the period it is earned. All other revenue is recognized as earned.

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### In-kind Goods and Services and Donated Property

During the years ended September 30, 2017 and 2016, the Organization received donated goods, property, and services from various persons or organizations for use in its programs. The value of these goods, property, and services is reflected in the accompanying combined statements of activities and changes in net assets based upon a value assigned by the donor or a reasonable estimate as determined by management.

In-kind goods and services are as follows for the years ended September 30:

|                    | <u>2017</u>       | <u>2016</u>       |
|--------------------|-------------------|-------------------|
| Legal services     | \$ 898,825        | \$ 404,230        |
| Fundraising events | <u>6,237</u>      | <u>14,819</u>     |
|                    | <u>\$ 905,062</u> | <u>\$ 419,049</u> |

During fiscal year 2017, a donor granted two parcels of land to the Organization for less than \$100. The value of the land is \$500,000 and is reflected as donated property in the accompanying combined financial statements for the year ended September 30, 2017.

#### Expense Allocation

Expenses related directly to a program are distributed to that function, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

#### Conservation Restrictions

The Organization accomplishes its land conservation objectives, in part, by purchasing or accepting donations of interests in real property in the form of conservation restrictions (MGL Ch. 184 ss. 31-33). Conservation restrictions represent numerous perpetual restrictions over the use and development of land between the Organization and private landowners. These restrictions are binding on all future landowners of the affected property. These restrictions generally provide that the land will be maintained unimpaired in its current natural, agricultural, scenic, or recreational state. The costs of acquiring and monitoring conservation restrictions are expensed in the year obtained and have no carrying value (see Note 8).

#### Conservation Properties and Impairment

Conservation properties consist of land that has either been acquired through purchase or has been donated to the Organization for which they hold title to the property in furtherance of its mission. The conservation properties may be available for sale/transfer to local town, state or Federal entities to be held by them for conservation purposes (see Note 8).

The Organization, at times, enters into agreements to purchase land which it then sells or donates to local municipalities to further its conservation mission. With the purchase of these properties, the Organization transfers ownership to the municipality which, in turn, grants a conservation restriction to the Organization. Conservation properties held for sale are properties that the Organization has deemed to have significant restoration potential but are not in the interest of the Organization.

When conservation restrictions are placed on a property, impairment losses on the property are recognized based on the excess of the assets carrying amount over the fair value of the asset.

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Use of Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Combined Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating support and revenue and expenses in the accompanying combined statements of activities and changes in net assets. Non-operating revenues (expenses) include unwind activity, investment activity, capital campaign activity, endowment contributions, and loss on disposal of property and equipment.

#### Subsequent Events

Subsequent events have been evaluated through January 23, 2018, which is the date the combined financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the combined financial statements.

### 3. INVESTMENTS

Investments are comprised of the following as of September 30:

|                     | <u>2017</u>         | <u>2016</u>         |
|---------------------|---------------------|---------------------|
| Equities:           |                     |                     |
| Mutual funds:       |                     |                     |
| Large blend         | \$ 1,198,950        | \$ 1,026,840        |
| Other               | 360,088             | 556,786             |
| Foreign large blend | 121,177             | 101,600             |
| Short-term bonds    | -                   | 159,307             |
| Money market fund   | <u>105,944</u>      | <u>105,102</u>      |
|                     | <u>\$ 1,786,159</u> | <u>\$ 1,949,635</u> |

Investments are not insured and are subject to ongoing market fluctuations. The Organization holds its investments for long-term purposes. Since these investments are not intended to be used for current operating costs, they are presented as non-current assets in the accompanying combined financial statements.

The following schedule summarizes the investment return in the accompanying combined statements of activities and changes in net assets for the years ended September 30:

|                         | <u>2017</u>       | <u>2016</u>       |
|-------------------------|-------------------|-------------------|
| Interest and dividends  | \$ 45,842         | \$ 32,826         |
| Net realized losses     | (5,366)           | (2,506)           |
| Net unrealized gains    | <u>198,826</u>    | <u>103,193</u>    |
| Total investment return | <u>\$ 239,302</u> | <u>\$ 133,513</u> |

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2017 and 2016

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### 4. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following funds at September 30:

|  | <u>2017</u>         | <u>2016</u>         |
|--|---------------------|---------------------|
| General                                | \$ 837,419          | \$ 802,419          |
| Water Quality Monitoring (Bay Science) | 665,716             | 575,550             |
| Building Maintenance Fund              | 500,000             | 500,000             |
| Land Stewardship Fund                  | <u>105,000</u>      | <u>105,000</u>      |
| Total endowment fund                   | 2,108,135           | 1,982,969           |
| Revolving Loan Fund                    | <u>1,021,777</u>    | <u>1,021,777</u>    |
| Total permanently restricted           | <u>\$ 3,129,912</u> | <u>\$ 3,004,746</u> |

**General** - These funds provide the flexibility to support the areas of greatest need at the Organization. The General Endowment is available for the President and the Board of Directors to direct to the most pressing and strategic priorities.

**Water Quality Monitoring** - This endowment was funded by donors interested in ensuring the long-term sustainability of the Organization's water quality and habitat monitoring activities.

**Building Maintenance Fund** - As part of the capital campaign, the Organization purchased and renovated headquarters in New Bedford, Massachusetts. Funds were earmarked by a donor to be certain the Organization could properly maintain this historic and state-of-the-art green facility.

**Land Stewardship Fund** - The Organization's Board of Directors set aside \$105,000 of the General Endowment to be designated as a land stewardship fund, recognizing the responsibility the Organization has to monitor the conservation restrictions and properties for which it has accepted responsibility and ownership.

**Revolving Loan Fund** - The primary purpose of the Buzzards Bay Land Revolving Loan Fund (the Revolving Loan Fund) is to assist the Organization and other nonprofit land conservation organizations in the purchase of land or interests in land in the Buzzards Bay Watershed to be held permanently as open space. The Revolving Loan Fund provides bridge loans, short-term options, down payments, and support for other related project and transactional costs necessary to advance land conservation in the Buzzards Bay Watershed.

From time-to-time, the Revolving Loan Fund may be used in other financial transactions, including legal defense of conservation restrictions that are closely related to land conservation. There were no such financial transactions for the years ended September 30, 2017 and 2016.

In order to fund the purchase of conservation properties, the Organization may borrow from the Revolving Loan Fund with authorization from the Board of Directors. As of September 30, 2017 and 2016, the Organization has borrowed \$621,903 and \$348,531, respectively, from the Revolving Loan Fund, which is included in due (to) from in the accompanying combined statements of financial position.



## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2017 and 2016

### 4. PERMANENTLY RESTRICTED NET ASSETS (Continued)

In order to fund the purchase of a conservation property, the Organization borrowed \$300,000 from the General Endowment during fiscal year 2017. The Organization must pay back the General Fund annually and must also pay quarterly interest at 2.5% on the outstanding principal balance. In addition, the Organization's Board released \$100,000 of its Board Designated Endowment to fund the property (see Note 2).

A reconciliation of endowment activity is as follows:

|  | <u>Unrestricted</u><br><u>Board</u><br><u>Designated</u> | <u>Donor Restricted</u><br><u>Temporarily</u><br><u>Restricted</u> | <u>Permanently</u><br><u>Restricted</u> | <u>Total</u><br><u>Endowment</u> |
|--|--|--|---|----------------------------------|
| Endowment net assets,<br>September 30, 2015      | \$ 194,567   | \$ 20,179  | \$ 1,857,969                            | \$ 2,072,715                     |
| Investment return                                | 4,321  | 131,372  | -                                       | 135,693                          |
| Contributions                                    | -  | -  | 125,000                                 | 125,000                          |
| Investment income appropriated<br>for operations | <u>(2,442)</u>   | <u>(74,256)</u>  | <u>-</u>                                | <u>(76,698)</u>                  |
| Endowment net assets,<br>September 30, 2016      | 196,446  | 77,295   | 1,982,969                               | 2,256,710                        |
| Investment return                                | 1,720  | 237,582  | -                                       | 239,302                          |
| Contributions                                    | -  | -  | 125,166                                 | 125,166                          |
| Investment income appropriated<br>for operations | -  | (84,759)   | -                                       | (84,759)                         |
| Released from restrictions (see<br>above)        | <u>(100,00)</u>  | <u>-</u>   | <u>-</u>                                | <u>(100,000)</u>                 |
| Endowment net assets,<br>September 30, 2017      | <u>\$ 98,166</u>   | <u>\$ 230,118</u>  | <u>\$ 2,108,135</u>                     | <u>\$ 2,436,419</u>              |

### 5. PLEDGES RECEIVABLE

Pledges receivable are due as follows at September 30:

|                           | <u>2017</u>         | <u>2016</u>       |
|---------------------------|---------------------|-------------------|
| Due within one year       | \$ 2,091,702        | \$ 974,044        |
| Due in two to seven years | <u>1,479,842</u>    | <u>823,500</u>    |
|                           | 3,571,544           | 1,797,544         |
| Less – discount           | 75,307              | 24,180            |
| Less - allowance          | <u>80,229</u>       | <u>17,800</u>     |
| Total pledges             | 3,416,008           | 1,755,564         |
| Less - current portion    | <u>1,821,702</u>    | <u>956,244</u>    |
| Total pledges, net        | <u>\$ 1,594,306</u> | <u>\$ 799,320</u> |

The pledges have been discounted using a 2% and 1% discount rate as of September 30, 2017 and 2016, respectively.

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2017 and 2016

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### 6. UNWIND OF THE CENTER

On August 24, 2016, the Center and the Coalition, along with its lenders, BBC Investment Fund (the Investment Fund) and the Investment Fund's investor (the NMTC Investor), executed a series of transactions to unwind the New Market Tax Credits (NMTC) financing structure of the Center's property. Under this structure, the Coalition had a \$3,835,000 note receivable, and the Investment Fund and the Center had two loans totaling \$4,950,000 payable to MassDevelopment CDE (99.99% owned by the Investment Fund). The transactions were as follows:

- Pursuant to the put and call agreement, the Coalition purchased the NMTC Investor's 100% interest in the Investment Fund for \$1,000 and became the sole member of the Investment Fund. As a result, the Coalition assumed all the NMTC Investor's obligation including the Coalition's notes receivable from the Investment Fund.
- MassDevelopment CDE assigned its two loans totaling \$4,950,000 plus any accrued interest to the Investment Fund as a redemption of the Investment Fund's 99.99% interest in MassDevelopment CDE.
- The Center transferred its property to the Coalition. In addition, all other assets and liabilities of the Center were also transferred to the Coalition.

As a result of the unwind, the Center's two notes payable and the Coalition notes receivable from the Investment Fund, LLC were effectively written off/forgiven.

The table below summarizes the net gain recognized as part of the unwind process, reflected in the accompanying combining statement of activities and changes in net assets for the year ended September 30, 2016:

|  | <u>Coalition</u>    | <u>Center</u>     | <u>Eliminations</u> | <u>Total</u>       |
|--|---------------------|-------------------|---------------------|--------------------|
| Forgiveness of debt and accrued interest       | \$ -                | \$ 4,954,846      | \$ -                | \$ 4,954,846       |
| Costs associated with unwind                   | (28,000)            | -                 | -                   | (28,000)           |
| Transfer of property                           | 3,411,378           | (4,066,378)       | 655,000             | -                  |
| Write-off of note receivable and due (to) from | <u>(4,118,768)</u>  | <u>104,130</u>    | <u>-</u>            | <u>(4,014,638)</u> |
|  | <u>\$ (735,390)</u> | <u>\$ 992,598</u> | <u>\$ 655,000</u>   | <u>\$ 912,208</u>  |

### 7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

|                                   | <u>2017</u>         | <u>2016</u>         |
|-----------------------------------|---------------------|---------------------|
| Buildings and improvements        | \$ 4,513,683        | \$ 4,342,815        |
| Furniture, fixtures and equipment | 812,523             | 733,709             |
| Land                              | 836,500             | 336,500             |
| Boat                              | 209,398             | 194,598             |
| Computer software                 | <u>96,618</u>       | <u>96,618</u>       |
|                                   | <u>6,468,722</u>    | <u>5,704,240</u>    |
| Less - accumulated depreciation   | <u>1,655,198</u>    | <u>1,453,959</u>    |
|                                   | <u>\$ 4,813,524</u> | <u>\$ 4,250,281</u> |

**BUZZARDS BAY COALITION, INC. AND AFFILIATE**Notes to Combined Financial Statements  
September 30, 2017 and 2016**8. CONSERVATION PROPERTIES, RESTRICTIONS AND IMPAIRMENT**

Conservation properties held by the Coalition and Affiliate consist of the following as of September 30:

| <u>Conservation Properties</u> | <u>Town</u>  | <u>Acreage</u> | <u>Acquired/Deposit</u> | <u>2017</u>         | <u>2016</u>         |
|--------------------------------|--------------|----------------|-------------------------|---------------------|---------------------|
| Habitat for Humanity           | Rochester    | 1.50           | August 21, 2017         | \$ -                | \$ -                |
| Machado West                   | Acushnet     | 12.83          | August 3, 2017          | 64,243              | -                   |
| Carricorp                      | Westport     | 32.50          | July 20, 2017           | 18,388              | -                   |
| Carvalho Farm                  | Fairhaven    | 61.50          | June 14, 2017           | 260,000             | 100,000             |
| Sylvia                         | Acushnet     | 1.05           | May 25, 2017            | -                   | -                   |
| Keating Woods                  | Acushnet     | 21.66          | March 17, 2017          | 50,594              | -                   |
| Staples                        | Wareham      | .67            | March 15, 2017          | -                   | -                   |
| Jaros                          | Acushnet     | 9.00           | December 20, 2016       | 155,395             | 25,000              |
| Wood                           | Westport     | 8.86           | November 9, 2016        | -                   | -                   |
| Burgess Point                  | Wareham      | 15.50          | August 18, 2016         | 230,000             | 230,000             |
| Wickets Island                 | Wareham      | 4.61           | June 30, 2016           | 75,453              | 75,453              |
| Kelly Property                 | Falmouth     | 3.00           | June 30, 2016           | -                   | -                   |
| Tinkham Property (N)           | Mattapoisett | 7.95           | June 27, 2016           | -                   | -                   |
| Tinkham Property (S)           | Mattapoisett | 11.36          | June 27, 2016           | -                   | -                   |
| Conant Property                | Wareham      | 23.96          | October 28, 2015        | -                   | -                   |
| Marks Cove Bog                 | Wareham      | 16.20          | February 12, 2015       | 25,223              | 25,223              |
| Mitchell Property              | Mattapoisett | 4.00           | May 22, 2015            | -                   | -                   |
| LaPalme Farm                   | Acushnet     | 47.00          | July 31, 2012           | 155,000             | 155,000             |
| Coelho & Walega                | Acushnet     | 3.80           | June 26, 2012           | 27,960              | 27,960              |
| Horseshoe Mill                 | Wareham      | 10.00          | June 20, 2012           | 90,000              | 90,000              |
| Town Line                      | Mattapoisett | 63.00          | February 29, 2012       | 22,899              | 22,899              |
| Decas Bogs                     | Mattapoisett | 125.00         | December 22, 2011       | -                   | -                   |
| Carreiro Property              | Fairhaven    | 10.70          | August 24, 2011         | 90,344              | 90,344              |
| Riverside Marsh                | Acushnet     | 4.95           | December 30, 2010       | -                   | -                   |
| Tripps Mill Brook              | Mattapoisett | 24.33          | May 28, 2010            | 239,727             | 239,727             |
| New Boston Road                | Acushnet     | 0.31           | May 28, 2010            | -                   | -                   |
| Marsh Island                   | Fairhaven    | 7.50           | December 11, 2009       | 44,535              | 44,535              |
| Acushnet Sawmill               | Acushnet     | 21.00          | March 12, 2007          | 180,000             | 180,000             |
| Miscellaneous deposits         | Various      | 0.00           | Various                 | 38,600              | 38,600              |
| Deposits on Allen's Pond       |              | -              |                         | -                   | <u>200,000</u>      |
| Total                          |              | <u>553.74</u>  |                         | <u>\$ 1,768,361</u> | <u>\$ 1,544,741</u> |

The Coalition will utilize the calculated impairment values provided by an independent appraisers' certified report, if one is available to recognize impairment on conservation properties. Otherwise, the Coalition recognizes impairment on conservation properties equal to 85% of the original cost, based on industry standards, for a piece of property that includes a conservation restriction. The Coalition recognized \$500,541 and \$427,568 of impairment on conservation properties for the years ended September 30, 2017 and 2016, respectively.

In fiscal years 2017 and 2016, the Coalition made total deposits of \$800,100 and \$200,000, respectively, towards the conservation of land on Allen's Pond in Dartmouth, MA. During fiscal year 2017, these deposits plus \$875,877 of additional costs incurred for closing costs and acquisition of more conservation restrictions on the Allen's Pond property were expensed and are included in land protection costs in the accompanying combined statement of functional expenses for the year ended September 30, 2017. The deposits made in fiscal year 2016 are included in conservation properties in the accompanying combined statement of financial position at September 30, 2016.

**BUZZARDS BAY COALITION, INC. AND AFFILIATE**Notes to Combined Financial Statements  
September 30, 2017 and 2016**8. CONSERVATION PROPERTIES, RESTRICTIONS AND IMPAIRMENT (Continued)**

The following is a listing of conservation restrictions held by the Organization as of September 30, 2017:

|     | <u>Property</u>            | <u>Town</u>                 | <u>Acreage</u>  | <u>Acquired</u>    |
|-----|----------------------------|-----------------------------|-----------------|--------------------|
| 1)  | Ocean View Farm North      | Dartmouth                   | 55              | August 10, 2017    |
| 2)  | Ocean View Farm South      | Dartmouth                   | 59              | August 10, 2017    |
| 3)  | Roy Hawkes                 | Rochester/<br>Mattapoissett | 164             | June 30, 2017      |
| 4)  | Decas-Winship              | Wareham                     | 4.40            | August 18, 2016    |
| 5)  | Decas-Lydias Island        | Wareham                     | 1.25            | August 18, 2016    |
| 6)  | Tinkhamtown Woodlands      | Mattapoissett               | 115.00          | June 30, 2016      |
| 7)  | Weweantic Ridge            | Wareham                     | 32.00           | October 28, 2015   |
| 8)  | Weeden Road                | Fairhaven                   | 32.00           | December 11, 2014  |
| 9)  | Shaw Farm                  | Fairhaven                   | 122.00          | December 11, 2014  |
| 10) | Nasketucket Fields         | Fairhaven                   | 29.00           | June 27, 2014      |
| 11) | Quahog Hill                | Fairhaven                   | 13.50           | June 26, 2014      |
| 12) | Shearer                    | Falmouth                    | 7.00            | June 24, 2014      |
| 13) | Wankinquoah Rod & Gun Club | Middleborough               | 287.00          | November 20, 2013  |
| 14) | North Woods                | Mattapoissett               | 35.00           | September 26, 2013 |
| 15) | Quissett Harbor 1          | Falmouth                    | 4.93            | September 26, 2013 |
| 16) | Quissett Harbor 2          | Falmouth                    | 3.60            | September 26, 2013 |
| 17) | Sanford South              | Middleboro                  | 30.00           | June 28, 2013      |
| 18) | Peter's Creek Reserve      | Dartmouth                   | 29.00           | April 22, 2013     |
| 19) | Westgate                   | Wareham                     | 48.54           | February 26, 2013  |
| 20) | Lloyd Woods                | Dartmouth                   | 26.50           | November 19, 2012  |
| 21) | Old Aucoot                 | Mattapoissett               | 307.00          | March 2, 2012      |
| 22) | Dufficy-Lawrence           | Rochester                   | 7.50            | December 22, 2011  |
| 23) | Old Haskell Farm           | Rochester                   | 14.50           | December 22, 2011  |
| 24) | Rentumis                   | Rochester                   | 54.20           | December 9, 2011   |
| 25) | Tripps Mill Brook 2        | Mattapoissett               | 42.67           | March 11, 2011     |
| 26) | Fitzgerald/New Boston Rd   | Fairhaven                   | 67.18           | July 16, 2010      |
| 27) | Viveiros Dairy (Lot 3)     | Fairhaven                   | 36.50           | February 26, 2010  |
| 28) | Mahoney                    | Marion                      | 238.00          | December 28, 2009  |
| 29) | Gurney                     | Rochester                   | 17.50           | December 23, 2009  |
| 30) | MacPhail                   | Rochester                   | 12.50           | December 23, 2009  |
| 31) | Flume Pond                 | Falmouth                    | 28.00           | December 18, 2008  |
| 32) | Shipyard Farm              | Fairhaven                   | 53.00           | February 22, 2008  |
| 33) | Red Barn Farm              | Rochester                   | 60.00           | December 24, 2007  |
| 34) | Gaumont                    | Rochester                   | 7.00            | December 24, 2007  |
| 35) | Garfield                   | Dartmouth                   | 18.00           | December 3, 2007   |
| 36) | Douglass                   | Fairhaven                   | 16.45           | October 2, 2007    |
| 37) | Viveiros Dairy (Lot 2)     | Fairhaven                   | 11.00           | June 6, 2006       |
| 38) | Nulands Neck               | Fairhaven                   | 101.00          | December 28, 2005  |
| 39) | Sperry Farm                | Rochester                   | 13.50           | December 28, 2005  |
| 40) | Field Farm                 | Mattapoissett               | 64.00           | November 24, 2004  |
| 41) | Marsh Island North         | Fairhaven                   | <u>14.25</u>    | September 29, 2003 |
|     | Total acreage              |                             | <u>2,272.47</u> |                    |

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2017 and 2016

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### 8. CONSERVATION PROPERTIES, RESTRICTIONS AND IMPAIRMENT (Continued)

Upon accepting a conservation restriction, the Organization assumes a perpetual obligation to monitor, normally on an annual basis, the affected property to ensure that the landowners comply with the restrictions. The Organization is obligated to enforce provisions of the restrictions in the event of a violation to the terms of the restriction. The expenses associated with maintaining the above conservation restrictions were approximately \$16,400 and \$15,200 for the years ended September 30, 2017 and 2016, respectively, which are included in land protection costs in the accompanying combined statements of functional expenses. Although conservation restrictions are real property rights, they possess little or no market value due to the resale market that is limited to the owner of the restricted property. Because of the limited market and due to the obligations inherent in conservation restriction ownership, the Organization conservation restriction holdings are not reflected in the accompanying combined financial statements as either assets or liabilities.

### 9. LINE OF CREDIT

The Coalition has an unsecured credit agreement with a bank, which allows for maximum borrowings up to \$250,000. Borrowings under the agreement are due on demand and interest is payable monthly on outstanding borrowings at the London Interbank Offered Rate plus 275 basis points (3.987% and 2.95% at September 30, 2017 and 2016, respectively). There were borrowings of \$250,000 and \$126,345 outstanding on this line of credit at September 30, 2017 and 2016, respectively. This line of credit agreement automatically renews annually in January.

### 10. NOTES PAYABLE

Notes payable consist of the following at September 30:

| <b>Buzzards Bay Coalition, Inc.</b>   | <u>2017</u> | <u>2016</u> |
|---|-------------|-------------|
| Non-interest bearing note payable to the Stifler Family Foundation. Principal and interest payments are due and payable on December 31, 2017. The Coalition is in the process of extending the note and expects to pay the note in full during fiscal year 2018. There was no accrued interest at September 30, 2017.   | \$ 250,000  | \$ 250,000  |
| 2.50% note payable to an individual. Principal and interest payments are due and payable on December 31, 2017. Accrued interest was \$7,708 and \$2,708 at September 30, 2017 and 2016, respectively. Subsequent to September 30, 2017, the note was paid in full.  | 207,708     | 202,708     |
| Non-interest bearing note payable to the New Bedford Economic Development Council, Inc. No payments of principal or interest are due before the maturity date of December 11, 2049. In the event of default, interest is payable, compounded at the annual rate of 3%. The note is secured by land located in New Bedford, Massachusetts. The Coalition had certain non-financial covenants as specified in the agreement which it was in compliance with at September 30, 2017 and 2016. | 150,000     | 150,000     |

**BUZZARDS BAY COALITION, INC. AND AFFILIATE**Notes to Combined Financial Statements  
September 30, 2017 and 2016

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**10. NOTES PAYABLE (Continued)**

| <b>Buzzards Bay Coalition, Inc. (Continued)</b>   | <u><b>2017</b></u>       | <u><b>2016</b></u>       |
|---|--------------------------|--------------------------|
| 2.00% note payable to an individual. Principal and interest payments are due and payable on September 30, 2018. Accrued interest was \$271 at September 30, 2017. | <u>65,271</u>            | <u>-</u>                 |
|   | <u>672,979</u>           | <u>602,708</u>           |
| Less - current portion  | <u>522,979</u>           | <u>250,000</u>           |
|   | <u><b>\$ 150,000</b></u> | <u><b>\$ 352,708</b></u> |

**11. RETIREMENT PLAN**

The Coalition maintains a 401(k) profit sharing plan for employees who have reached 21 years of age and worked for the Coalition for over one year or completed at least 1,000 hours of service. Under the plan, the Coalition may make discretionary contributions to the plan. In addition, the Coalition may make matching contributions as a uniform percentage of salary deferrals by participants based on years of service, as defined within the plan document, up to a discretionary amount determined by the Coalition. The contributions for the years ended September 30, 2017 and 2016, were \$57,475 and \$57,147, respectively, which are included in employee benefits in the accompanying combined statements of functional expenses. The Coalition's contributions are vested at a 25% rate per year, becoming fully vested after year four.

**12. CONCENTRATION OF CREDIT RISK**

The Coalition maintains its cash balances in two banks in Massachusetts and its balances are insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times, cash balances may exceed the insured amounts. The Coalition has not experienced any losses in such accounts. Management believes the Coalition is not exposed to any significant credit risk on cash and cash equivalents.

There were no concentrations of donors at September 30, 2017 and 2016.

**13. OPERATING LEASES**

The Coalition has a ten-year lease agreement for a facility in Falmouth, Massachusetts that expires in November 2023. Under this agreement, the Coalition is required to make monthly payments of approximately \$2,410. This agreement provides for annual increases based on the Consumer Price Index through the expiration of the lease. The Coalition's future minimum lease payments for the next five years are approximately \$28,920 per year.

**14. CONDITIONAL GRANT**

During fiscal year 2017, the Coalition received a grant commitment from a donor totaling \$500,000. The Coalition's receipt of this grant is conditional upon the Coalition satisfying a stipulation from the donor. The balance of \$500,000 has not been reflected in the accompanying combined financial statements and will be recognized when the conditions are met.

## **BUZZARDS BAY COALITION, INC. AND AFFILIATE**

Notes to Combined Financial Statements  
September 30, 2017 and 2016

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### **15. RELATED PARTY TRANSACTIONS**

As of September 30, 2017 and 2016, the Coalition jointly holds a conservation restriction with the Rochester Land Trust on a property located in Rochester, Massachusetts, which was owned by one of its Board members who also served on the Board of Directors of the Rochester Land Trust.

In fiscal year 2016, the Coalition received grant funding from a foundation of which a member of the Board is also a Board member of the Coalition. This five year grant totaled approximately \$100,000.

A Board member of the Coalition is also a member of the Board of Directors of a trust from which the Coalition rents office space. Total rent incurred for each of the years ended September 30, 2017 and 2016, was \$28,164.

A Board member of the Coalition is also a staff member of the organization that the Coalition utilizes for laboratory services. Total expenses incurred for the years ended September 30, 2017 and 2016, were \$113,083 and \$170,489, respectively.

For the year ended September 30, 2016, the Coalition contracted with a company owned by a Board member to provide repair services to one of its boats. The total cost of the repairs was \$3,667 for the year ended September 30, 2016. There were no costs for the year ended September 30, 2017.

Combining Statement of Financial Position  
September 30, 2017

| Assets                                | Buzzards Bay Coalition, Inc. |                           |                           |                      | Acushnet<br>River<br>Reserve, Inc. | Eliminations | Total                |
|---------------------------------------|------------------------------|---------------------------|---------------------------|----------------------|------------------------------------|--------------|----------------------|
|                                       | Unrestricted                 | Temporarily<br>Restricted | Permanently<br>Restricted | Total                | Unrestricted                       |              |                      |
| Current Assets:                       |                              |                           |                           |                      |                                    |              |                      |
| Cash                                  | \$ 3,671                     | \$ 1,036,429              | \$ 879,409                | \$ 1,919,509         | \$ -                               | \$ -         | \$ 1,919,509         |
| Accounts and contracts receivable     | 143,587                      | 2,260                     | -                         | 145,847              | -                                  | -            | 145,847              |
| Current portion of pledges receivable | 301,427                      | 1,520,275                 | -                         | 1,821,702            | -                                  | -            | 1,821,702            |
| Other assets                          | 74,907                       | -                         | -                         | 74,907               | -                                  | -            | 74,907               |
| Current portion of due (to) from      | (416,981)                    | 416,981                   | -                         | -                    | -                                  | -            | -                    |
| Total current assets                  | <u>106,611</u>               | <u>2,975,945</u>          | <u>879,409</u>            | <u>3,961,965</u>     | <u>-</u>                           | <u>-</u>     | <u>3,961,965</u>     |
| Property and Equipment, net           | <u>4,813,524</u>             | <u>-</u>                  | <u>-</u>                  | <u>4,813,524</u>     | <u>-</u>                           | <u>-</u>     | <u>4,813,524</u>     |
| Other Assets:                         |                              |                           |                           |                      |                                    |              |                      |
| Pledges receivable, net               | 295,000                      | 1,096,806                 | 202,500                   | 1,594,306            | -                                  | -            | 1,594,306            |
| Investments                           | 115,188                      | 544,871                   | 1,126,100                 | 1,786,159            | -                                  | -            | 1,786,159            |
| Conservation properties               | 1,624,763                    | -                         | -                         | 1,624,763            | 143,598                            | -            | 1,768,361            |
| Interfund borrowing - Allen's Pond    | (300,000)                    | -                         | 300,000                   | -                    | -                                  | -            | -                    |
| Due (to) from, net of current portion | (621,903)                    | -                         | 621,903                   | -                    | -                                  | -            | -                    |
| Total other assets                    | <u>1,113,048</u>             | <u>1,641,677</u>          | <u>2,250,503</u>          | <u>5,005,228</u>     | <u>143,598</u>                     | <u>-</u>     | <u>5,148,826</u>     |
| Total assets                          | <u>\$ 6,033,183</u>          | <u>\$ 4,617,622</u>       | <u>\$ 3,129,912</u>       | <u>\$ 13,780,717</u> | <u>\$ 143,598</u>                  | <u>\$ -</u>  | <u>\$ 13,924,315</u> |
| <b>Liabilities and Net Assets</b>     |                              |                           |                           |                      |                                    |              |                      |
| Current Liabilities:                  |                              |                           |                           |                      |                                    |              |                      |
| Line of credit                        | \$ 250,000                   | \$ -                      | \$ -                      | \$ 250,000           | \$ -                               | \$ -         | \$ 250,000           |
| Current portion of notes payable      | 522,979                      | -                         | -                         | 522,979              | -                                  | -            | 522,979              |
| Accounts payable and accrued expenses | 115,022                      | -                         | -                         | 115,022              | -                                  | -            | 115,022              |
| Deferred revenues                     | 160,681                      | -                         | -                         | 160,681              | -                                  | -            | 160,681              |
| Total current liabilities             | <u>1,048,682</u>             | <u>-</u>                  | <u>-</u>                  | <u>1,048,682</u>     | <u>-</u>                           | <u>-</u>     | <u>1,048,682</u>     |
| Notes Payable, net of current portion | <u>150,000</u>               | <u>-</u>                  | <u>-</u>                  | <u>150,000</u>       | <u>-</u>                           | <u>-</u>     | <u>150,000</u>       |
| Total liabilities                     | <u>1,198,682</u>             | <u>-</u>                  | <u>-</u>                  | <u>1,198,682</u>     | <u>-</u>                           | <u>-</u>     | <u>1,198,682</u>     |
| Net Assets:                           |                              |                           |                           |                      |                                    |              |                      |
| Unrestricted:                         |                              |                           |                           |                      |                                    |              |                      |
| Operating                             | (407,070)                    | -                         | -                         | (407,070)            | -                                  | -            | (407,070)            |
| Property and equipment                | 5,143,405                    | -                         | -                         | 5,143,405            | 143,598                            | -            | 5,287,003            |
| Board designated                      | 98,166                       | -                         | -                         | 98,166               | -                                  | -            | 98,166               |
| Total unrestricted                    | <u>4,834,501</u>             | <u>-</u>                  | <u>-</u>                  | <u>4,834,501</u>     | <u>143,598</u>                     | <u>-</u>     | <u>4,978,099</u>     |
| Temporarily restricted                | -                            | 4,617,622                 | -                         | 4,617,622            | -                                  | -            | 4,617,622            |
| Permanently restricted                | -                            | -                         | 3,129,912                 | 3,129,912            | -                                  | -            | 3,129,912            |
| Total net assets                      | <u>4,834,501</u>             | <u>4,617,622</u>          | <u>3,129,912</u>          | <u>12,582,035</u>    | <u>143,598</u>                     | <u>-</u>     | <u>12,725,633</u>    |
| Total liabilities and net assets      | <u>\$ 6,033,183</u>          | <u>\$ 4,617,622</u>       | <u>\$ 3,129,912</u>       | <u>\$ 13,780,717</u> | <u>\$ 143,598</u>                  | <u>\$ -</u>  | <u>\$ 13,924,315</u> |



Combining Statement of Activities and Changes in Net Assets  
For the Year Ended September 30, 2017

|   | Buzzards Bay Coalition, Inc. |                        |                        | Acushnet River Reserve, Inc. |              |              |               |
|---|------------------------------|------------------------|------------------------|------------------------------|--------------|--------------|---------------|
|   | Unrestricted                 | Temporarily Restricted | Permanently Restricted | Total                        | Unrestricted | Eliminations | Total         |
| <b>Support and Revenue:</b>                   |                              |                        |                        |                              |              |              |               |
| Grants and contributions                      | \$ 1,031,539                 | \$ 3,275,846           | \$ -                   | \$ 4,307,385                 | \$ -         | \$ -         | \$ 4,307,385  |
| In-kind goods and services                    | 905,062                      | -                      | -                      | 905,062                      | -            | -            | 905,062       |
| Government contracts                          | 901,901                      | -                      | -                      | 901,901                      | -            | -            | 901,901       |
| Fundraising events                            | 329,376                      | -                      | -                      | 329,376                      | -            | -            | 329,376       |
| Membership fees                               | 102,417                      | -                      | -                      | 102,417                      | -            | -            | 102,417       |
| Investment income appropriated for operations | 84,759                       | -                      | -                      | 84,759                       | -            | -            | 84,759        |
| Rental income                                 | 22,030                       | -                      | -                      | 22,030                       | -            | -            | 22,030        |
| Miscellaneous income                          | 20,888                       | -                      | -                      | 20,888                       | -            | -            | 20,888        |
| Net assets released from purpose restrictions | 2,382,849                    | (2,382,849)            | -                      | -                            | -            | -            | -             |
| Net assets released from time restriction     | 360,000                      | (360,000)              | -                      | -                            | -            | -            | -             |
| Total support and revenue                     | 6,140,821                    | 532,997                | -                      | 6,673,818                    | -            | -            | 6,673,818     |
| <b>Expenses:</b>                              |                              |                        |                        |                              |              |              |               |
| Program services                              | 5,434,826                    | -                      | -                      | 5,434,826                    | -            | -            | 5,434,826     |
| Fundraising and development                   | 496,333                      | -                      | -                      | 496,333                      | -            | -            | 496,333       |
| General and administrative                    | 298,901                      | -                      | -                      | 298,901                      | -            | -            | 298,901       |
| Total expenses                                | 6,230,060                    | -                      | -                      | 6,230,060                    | -            | -            | 6,230,060     |
| Changes in net assets from operations         | (89,239)                     | 532,997                | -                      | 443,758                      | -            | -            | 443,758       |
| <b>Other Revenues (Expenses):</b>             |                              |                        |                        |                              |              |              |               |
| Capital grants                                | -                            | 1,901,224              | -                      | 1,901,224                    | -            | -            | 1,901,224     |
| Donated property                              | 500,000                      | -                      | -                      | 500,000                      | -            | -            | 500,000       |
| Investment return                             | 1,720                        | 237,582                | -                      | 239,302                      | -            | -            | 239,302       |
| Endowment contributions                       | -                            | -                      | 125,166                | 125,166                      | -            | -            | 125,166       |
| Transfer of property                          | (25,295)                     | -                      | -                      | (25,295)                     | 25,295       | -            | -             |
| Gain on sale of property and equipment        | 356                          | -                      | -                      | 356                          | -            | -            | 356           |
| Net assets released from capital restrictions | 203,708                      | (203,708)              | -                      | -                            | -            | -            | -             |
| Investment income appropriated for operations | -                            | (84,759)               | -                      | (84,759)                     | -            | -            | (84,759)      |
| Total other revenues (expenses)               | 680,489                      | 1,850,339              | 125,166                | 2,655,994                    | 25,295       | -            | 2,681,289     |
| Changes in net assets                         | 591,250                      | 2,383,336              | 125,166                | 3,099,752                    | 25,295       | -            | 3,125,047     |
| <b>Net Assets:</b>                            |                              |                        |                        |                              |              |              |               |
| Beginning of year                             | 4,243,251                    | 2,234,286              | 3,004,746              | 9,482,283                    | 118,303      | -            | 9,600,586     |
| End of year                                   | \$ 4,834,501                 | \$ 4,617,622           | \$ 3,129,912           | \$ 12,582,035                | \$ 143,598   | \$ -         | \$ 12,725,633 |