



**AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021**

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

Contents  
September 30, 2022 and 2021

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## Independent Auditor's Report

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

### **Opinion**

We have audited the combined financial statements of Buzzards Bay Coalition, Inc. (a Massachusetts corporation, not for profit) and the Acushnet River Reserve, Inc. (the Affiliate) (collectively, the Organization), which comprise the combined statements of financial position as of September 30, 2022 and 2021, 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.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Buzzards Bay Coalition, Inc. and Affiliate as of September 30, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*AAFCPA, Inc.*

Westborough, Massachusetts  
April 27, 2023

**BUZZARDS BAY COALITION, INC. AND AFFILIATE**Combined Statements of Financial Position  
September 30, 2022 and 2021

<b>Assets</b>	<b>2022</b>	<b>2021</b>
Current Assets:		
Cash	\$ 1,770,358	\$ 1,763,804
Contracts receivable	304,066	360,757
Current portion of pledges receivable	110,057	201,417
Other assets	164,592	94,659
Total current assets	<u>2,349,073</u>	<u>2,420,637</u>
Other Assets:		
Pledges receivable, net	1,109,021	1,428,450
Investments	7,703,461	8,359,694
Conservation properties	14,210,923	10,519,957
Total other assets	<u>23,023,405</u>	<u>20,308,101</u>
Property and Equipment, net	<u>12,686,848</u>	<u>12,913,905</u>
Construction in Process	<u>519,879</u>	<u>65,005</u>
Total assets	<u>\$ 38,579,205</u>	<u>\$ 35,707,648</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Lines of credit	\$ 1,803,534	\$ -
Accounts payable and accrued expenses	574,036	268,599
Conditional advances	782,089	423,153
Total current liabilities	<u>3,159,659</u>	<u>691,752</u>
Note Payable	<u>150,000</u>	<u>150,000</u>
Total liabilities	<u>3,309,659</u>	<u>841,752</u>
Net Assets:		
Without donor restrictions	22,827,536	23,676,481
With donor restrictions	12,442,010	11,189,415
Total net assets	<u>35,269,546</u>	<u>34,865,896</u>
Total liabilities and net assets	<u>\$ 38,579,205</u>	<u>\$ 35,707,648</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 Activities and Changes in Net Assets  
 For the Years Ended September 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Grants and contributions	\$ 1,662,529	\$ 3,653,836	\$ 5,316,365	\$ 2,276,573	\$ 2,134,713	\$ 4,411,286
Government contracts	1,249,881	-	1,249,881	1,591,455	-	1,591,455
Fundraising events	745,100	-	745,100	314,271	-	314,271
In-kind goods and services	155,180	-	155,180	14,885	-	14,885
Investment income appropriated for operations	139,082	-	139,082	129,450	-	129,450
Miscellaneous income	67,029	-	67,029	56,436	-	56,436
Rental income	44,341	-	44,341	56,691	-	56,691
Bequest	-	-	-	2,000,000	-	2,000,000
Net assets released from purpose restrictions	1,265,171	(1,265,171)	-	880,088	(880,088)	-
Net assets released from time restriction	43,500	(43,500)	-	165,500	(165,500)	-
Total support and revenue	<u>5,371,813</u>	<u>2,345,165</u>	<u>7,716,978</u>	<u>7,485,349</u>	<u>1,089,125</u>	<u>8,574,474</u>
<b>Expenses:</b>						
Program services	4,722,285	-	4,722,285	3,334,995	-	3,334,995
Fundraising and development	714,340	-	714,340	661,674	-	661,674
General and administrative	673,887	-	673,887	449,535	-	449,535
Total expenses	<u>6,110,512</u>	<u>-</u>	<u>6,110,512</u>	<u>4,446,204</u>	<u>-</u>	<u>4,446,204</u>
<b>Gain (Loss) on Sale of Property and Equipment</b>	<u>(1,302)</u>	<u>-</u>	<u>(1,302)</u>	<u>161,685</u>	<u>-</u>	<u>161,685</u>
Changes in net assets from operations	<u>(740,001)</u>	<u>2,345,165</u>	<u>1,605,164</u>	<u>3,200,830</u>	<u>1,089,125</u>	<u>4,289,955</u>
<b>Other Revenues (Expenses):</b>						
Donated conservation property	208,800	-	208,800	232,905	-	232,905
Endowment contributions	-	50,000	50,000	-	1,720,000	1,720,000
Capital grants	-	-	-	-	190,000	190,000
Endowment transfer	(84,593)	84,593	-	-	-	-
Investment income appropriated for operations	-	(139,082)	(139,082)	-	(129,450)	(129,450)
Investment return	(233,151)	(1,088,081)	(1,321,232)	16,589	648,356	664,945
Net assets released from capital restrictions	-	-	-	190,000	(190,000)	-
Total other revenues (expenses)	<u>(108,944)</u>	<u>(1,092,570)</u>	<u>(1,201,514)</u>	<u>439,494</u>	<u>2,238,906</u>	<u>2,678,400</u>
Changes in net assets	<u>(848,945)</u>	<u>1,252,595</u>	<u>403,650</u>	<u>3,640,324</u>	<u>3,328,031</u>	<u>6,968,355</u>
<b>Net Assets:</b>						
Beginning of year	<u>23,676,481</u>	<u>11,189,415</u>	<u>34,865,896</u>	<u>20,036,157</u>	<u>7,861,384</u>	<u>27,897,541</u>
End of year	<u>\$ 22,827,536</u>	<u>\$ 12,442,010</u>	<u>\$ 35,269,546</u>	<u>\$ 23,676,481</u>	<u>\$ 11,189,415</u>	<u>\$ 34,865,896</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 403,650	\$ 6,968,355
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	463,935	461,587
Change in reserve for uncollectible pledges	(6,568)	(35,418)
Change in discount of pledges receivable	(1,254)	(9,280)
Donated conservation property	(208,800)	(232,905)
Capital grants	-	(190,000)
Loss on impairment on conservation properties	706,975	-
Unrealized (gain) loss on investments	1,692,604	(556,357)
(Gain) loss on sale of property and equipment	1,302	(161,685)
Endowment contributions	(50,000)	(1,720,000)
Changes in operating assets and liabilities:		
Accounts and contracts receivable	56,691	229,481
Pledges receivable	271,111	957,962
Other assets	(69,933)	(20,177)
Accounts payable and accrued expenses	305,437	84,342
Conditional advances	358,936	244,111
Net cash provided by operating activities	<u>3,924,086</u>	<u>6,020,016</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(1,036,371)	(4,231,963)
Cash paid for construction in process	(454,874)	(55,392)
Acquisition of property and equipment	(332,544)	(365,572)
Proceeds from sale of property and equipment	94,364	488,658
Acquisition of conservation properties	(5,132,965)	(1,537,795)
Proceeds from sale of conservation properties	943,824	-
Net cash used in investing activities	<u>(5,918,566)</u>	<u>(5,702,064)</u>
<b>Cash Flows from Financing Activities:</b>		
Lines of credit	1,803,534	(335,882)
Payments on notes payable	-	(622,418)
Capital grants received	-	190,000
Endowment contributions	197,500	868,000
Net cash provided by financing activities	<u>2,001,034</u>	<u>99,700</u>
<b>Net Change in Cash</b>	6,554	417,652
<b>Cash:</b>		
Beginning of year	<u>1,763,804</u>	<u>1,346,152</u>
End of year	<u>\$ 1,770,358</u>	<u>\$ 1,763,804</u>
<b>Supplemental Disclosure of Non-Cash Transactions:</b>		
Cash paid for interest	<u>\$ 36,272</u>	<u>\$ 52,252</u>
Cost basis of properties sold	<u>\$ 95,666</u>	<u>\$ 326,973</u>

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

 Combined Statements of Functional Expenses  
 For the Years Ended September 30, 2022 and 2021

	2022				2021			
	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	\$ 1,603,901	\$ 405,339	\$ 117,351	\$ 2,126,591	\$ 1,170,944	\$ 376,644	\$ 86,390	\$ 1,633,978
Employee benefits	173,351	52,283	28,803	254,437	157,844	56,460	22,507	236,811
Payroll taxes	108,761	28,177	30,527	167,465	80,320	26,932	36,694	143,946
Contract labor	-	-	112,355	112,355	-	-	129,408	129,408
Total personnel and related	<u>1,886,013</u>	<u>485,799</u>	<u>289,036</u>	<u>2,660,848</u>	<u>1,409,108</u>	<u>460,036</u>	<u>274,999</u>	<u>2,144,143</u>
<b>Occupancy:</b>								
Depreciation	415,257	24,538	24,140	463,935	407,390	27,139	27,058	461,587
Facility maintenance	84,617	3,419	3,419	91,455	77,453	4,807	3,942	86,202
Utilities	46,792	3,478	3,478	53,748	28,208	3,208	3,366	34,782
Rent	11,425	-	-	11,425	19,060	-	-	19,060
Interest expense	-	-	-	-	-	-	14,386	14,386
Total occupancy	<u>558,091</u>	<u>31,435</u>	<u>31,037</u>	<u>620,563</u>	<u>532,111</u>	<u>35,154</u>	<u>48,752</u>	<u>616,017</u>
<b>Operations:</b>								
Contractual services	705,989	41,809	94,608	842,406	631,201	3,983	428	635,612
Loss on impairment of conservation properties	706,975	-	-	706,975	-	-	-	-
Program supplies	176,839	293	897	178,029	155,082	-	-	155,082
Legal services	173,914	-	-	173,914	78,245	-	-	78,245
Land protection costs	145,578	-	-	145,578	202,327	-	-	202,327
Events	77,292	53,202	-	130,494	30,576	24,344	184	55,104
Lab analysis	92,733	-	-	92,733	101,984	-	-	101,984
Insurance	39,749	1,083	48,182	89,014	27,887	1,121	52,999	82,007
Printing and postage	38,931	24,136	10,736	73,803	22,886	41,998	7,092	71,976
Meetings and events	4,675	25,104	42,726	72,505	1,392	16,293	2,905	20,590
Office equipment and supplies	13,829	291	44,951	59,071	38,494	9,935	3,094	51,523
Miscellaneous	12,325	17,383	25,614	55,322	21,419	26,495	5,264	53,178
Accounting and audit	8,826	-	40,811	49,637	3,372	64	39,564	43,000
Project interest	42,272	-	-	42,272	37,866	-	-	37,866
Software maintenance	-	30,073	9,240	39,313	-	31,342	10,445	41,787
Travel	28,239	3,732	3,617	35,588	14,366	2,689	1,861	18,916
Telephone	9,556	-	11,955	21,511	16,530	2,412	971	19,913
IT services	459	-	20,477	20,936	882	2,783	977	4,642
Grant expense	-	-	-	-	9,267	-	-	9,267
Bad debt	-	-	-	-	-	3,025	-	3,025
Total operations	<u>2,278,181</u>	<u>197,106</u>	<u>353,814</u>	<u>2,829,101</u>	<u>1,393,776</u>	<u>166,484</u>	<u>125,784</u>	<u>1,686,044</u>
Total expenses	<u>\$ 4,722,285</u>	<u>\$ 714,340</u>	<u>\$ 673,887</u>	<u>\$ 6,110,512</u>	<u>\$ 3,334,995</u>	<u>\$ 661,674</u>	<u>\$ 449,535</u>	<u>\$ 4,446,204</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, 2022 and 2021

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

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 and Vineyard Sound ecosystem for all through education, conservation, research, and advocacy. The Coalition is supported primarily through 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 volunteers and scientific partnerships each year to sample coastal water quality in coves, harbors and salt ponds of Buzzards Bay and Vineyard Sound; public engagement 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**

Acushnet River Reserve, Inc. (the Reserve) is a nonprofit organization incorporated in September 2010. The Reserve 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 and the Reserve (collectively, the Organization). The Coalition 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.

#### **Accounting Principle Adoption**

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is intended to increase the transparency of contributed nonfinancial assets (in-kind goods and services) for not-for-profit entities through enhancements to presentation and disclosure. The amendments in this ASU do not change the recognition and measurement requirements of in-kind goods and services. During fiscal year 2022, the Organization adopted ASU 2020-07. The adoption of this ASU did not impact the Organization's net asset classes, changes in net assets, or cash flows for the year ended September 30, 2022. This ASU has been applied retrospectively to all periods presented.

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets

##### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization. Net assets without donor restrictions 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. Board designated net assets were \$114,042 and \$135,450 as of September 30, 2022 and 2021, respectively, and are included in net assets without donor restrictions in the accompanying combined statements of financial position.

##### *Net Assets With Donor Restrictions*

Net assets with donor restrictions represent amounts received or committed by donors with time or purpose restrictions that have not yet been met. Net assets with donor restrictions were available for the following purposes at September 30:

	<u>2022</u>	<u>2021</u>
Endowments	\$ 5,934,268	\$ 5,799,675
Watershed Protection Projects	3,241,991	444,783
Generations Campaign	1,818,539	2,592,519
Land Revolving Loan Fund	1,021,779	1,021,777
Other restricted program support	368,218	53,348
Advocacy and Public Education to Reduce Pollution in New Bedford Harbor	189,551	148,985
Time restricted	10,000	43,500
Appreciation (depreciation) on donor-restricted endowments (see Note 4)	<u>(142,336)</u>	<u>1,084,828</u>
Total	<u>\$ 12,442,010</u>	<u>\$ 11,189,415</u>

##### *Endowments*

Endowments 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 Organization's charitable mission (see Note 4).

##### *Generations Campaign*

In fiscal year 2016, on the eve of the Organization's 30<sup>th</sup> anniversary, the Organization launched the 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.

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

Notes to Combined Financial Statements  
September 30, 2022 and 2021

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

#### **Net Assets (Continued)**

#### ***Net Assets With Donor Restrictions (Continued)***

##### *Land Revolving Loan Fund*

The primary purpose of the Buzzards Bay Land Revolving Loan Fund (the Land 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 Land 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 Land 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, 2022 and 2021.

In order to fund the purchase of conservation properties, the Organization may borrow from the Land Revolving Loan Fund with authorization from the Board of Directors. As of September 30, 2022 and 2021, the Organization has borrowed \$657,108 and \$987,107, respectively, from the Land Revolving Loan Fund.

##### *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.

##### *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.

##### *Other Restricted Program Support*

The Organization 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 Organization's mission.

##### *Appreciation (Depreciation) on Donor-Restricted Endowments*

These funds are the accumulated unspent realized and unrealized appreciation (depreciation) of the net assets with donor restrictions (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.

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment and Depreciation (Continued)

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 and equipment	5 - 10 years
Computer software	3 years
Vehicles and boat	5 - 10 years

The Organization accounts for the carrying value of its property and equipment in accordance with requirements of ASC Topic, *Property, Plant and Equipment*, under U.S. GAAP. As of September 30, 2022 and 2021, the Organization has not recognized any reduction in the carrying value of its property and equipment under this standard.

#### 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, 2022 and 2021.

#### Pledges Receivable and Reserve for Uncollectible Pledges

Pledges consist of written 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 \$13,600 and \$20,168 at September 30, 2022 and 2021, respectively.

#### 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.

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

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 7).

#### Investment Return Allocations and Spending Policy

Investments (see Note 3) 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 \$139,082 and \$129,450 for the years ended September 30, 2022 and 2021, respectively, and are reflected as investment income appropriated for operations in the accompanying combined statements of activities and changes in net assets.

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.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2022 and 2021. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

#### Revenue Recognition

In accordance with Topic 958, the Organization must determine whether a grant or contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution or grant. A grant or contribution is considered to be a conditional grant/contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

A portion of the Organization's revenue is attributable to cost-reimbursable and unit-rate government contracts and grants (government contracts revenue), which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with specific contracts or grant provisions. These contracts and grants are considered nonreciprocal transactions because the Organization's community and customers receive the benefit as a result of the assets transferred. All other contract revenue is recorded when services are provided. See Note 12 for disclosure of the Organization's conditional awards at September 30, 2022.

The Organization records revenue from grants and contributions and government contracts without donor restrictions when received or unconditionally committed. Grants and contributions with donor restrictions are recorded as revenue and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or as time restrictions or program restrictions have lapsed. Included in conditional advances was a \$500,000 grant that was received before the conditions were met as of September 30, 2022.

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

Fundraising events revenue is from the Organization's fundraising events and revenues and recognized at the time the event takes place. Fundraising event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received. The sales portion of the special event income is derived from registration fees, in which the transaction price is determined annually. Fees collected in advance of the special events are initially recorded as conditional advances (contract liabilities) and are only recognized in the combined statements of activities and changes in net assets after the special event has occurred and the performance obligation has been met. Included in conditional advances were \$282,089 and \$423,153 of fundraising event revenue as of September 30, 2022 and 2021, respectively, as fees were collected in advance and the events were not held until the subsequent period.

All other revenue is recognized when earned.

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

During the years ended September 30, 2022 and 2021, the Organization received donated property and services from various individuals or organizations for use in its programs. The value of the 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. All donated property and services were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated property and services.

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

	<u>2022</u>	<u>2021</u>
Donated conservation property	\$ 208,800	\$ 232,905
Legal services	<u>155,180</u>	<u>14,885</u>
	<u>\$ 363,980</u>	<u>\$ 247,790</u>

During fiscal year 2022, there was one lot of land donated in Mattapoisett, Massachusetts. The lot is approximately 0.7 acres, and the appraised value of the property is \$208,800. During fiscal year 2021, there were two lots of land donated in Rochester, Massachusetts and Westport, Massachusetts. The lots are approximately 220 and 56 acres, and the appraised value of the properties is \$153,374 and \$79,531, respectively. The total value of the conservation property donations during fiscal years 2022 and 2021 was \$208,800 and \$232,905 and is reflected as donated conservation property in the accompanying combined financial statements for the years ended September 30, 2022 and 2021, respectively. Donated legal services are included in in-kind goods and services in the accompanying combined statements of activities and changes in net assets and are included in legal services in the accompanying combined statements of functional expenses.

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

Notes to Combined Financial Statements  
September 30, 2022 and 2021

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

#### **Expense Allocation**

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

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries, payroll taxes and employee benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis; and program supplies, printing and postage, insurance, travel, office equipment and supplies and telephone, which are allocated based on usage studies conducted annually.

#### **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 7).

#### **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 7).

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.

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.

#### **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) consist of capital activity, endowment contributions and investment income.



## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Subsequent Events

Subsequent events have been evaluated through April 27, 2023, which is the date the combined financial statements were available to be issued. There were no events which met the criteria for recognition or disclosure in the financial statements.

### 3. INVESTMENTS

Investments are valued using Level 1 inputs (see Note 2) and are comprised of the following as of September 30:

	<u>2022</u>	<u>2021</u>
Equities:		
Mutual funds:		
Large blend	\$ 3,923,666	\$ 3,974,419
Short-term bonds	2,247,102	3,000,602
Foreign large blend	874,345	538,481
Small cap	419,495	352,131
Other	152,267	146,763
Money market fund	<u>86,586</u>	<u>347,298</u>
	<u>\$ 7,703,461</u>	<u>\$ 8,359,694</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.

### 4. ENDOWMENTS

Endowments consist of the following funds at September 30:

	<u>2022</u>	<u>2021</u>
General	\$ 928,959	\$ 928,959
Bay Science Fund	3,530,716	3,530,716
Building Maintenance Fund	500,000	500,000
Land Stewardship Fund	<u>974,593</u>	<u>840,000</u>
Total Endowments restricted in perpetuity (see page 7)	5,934,268	5,799,675
Appreciation (depreciation) on donor-restricted endowments	<u>(142,336)</u>	<u>1,084,828</u>
Total Endowments with donor restrictions	<u>\$ 5,791,933</u>	<u>\$ 6,884,503</u>

During the year ended September 30, 2022, the Board of Directors appropriated \$139,082 from underwater endowments funds. These amounts are expected to be fully recovered during the year ended September 30, 2023.

## BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements  
September 30, 2022 and 2021

### 4. ENDOWMENTS (Continued)

In previous years, the Organization received donated land that has been included in property and equipment in the accompanying statements of financial position. As a stipulation of the donation, if the land was sold, any proceeds would be put into a permanent endowment and restricted for land stewardship. During 2022, the Organization sold the land for net proceeds of \$84,593. This amount is shown as endowment transfer in the accompanying statement of activities and changes in net assets for the year ended September 30, 2022.

**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.

The Organization must pay back the General Fund annually and must also pay quarterly interest at 2.5% on the outstanding principal balance. The Organization paid \$50,000 back to the General Endowment during fiscal years 2022 and 2021.

**Bay Science Fund** - 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 initially 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. Donors have since earmarked additional funds to the Land Stewardship Fund.

A reconciliation of endowment activity is as follows:

	<b>Without Donor Restrictions Board Designated</b>	<b>With Donor Restrictions</b>	<b>Total Endowment</b>
Endowment net assets, September 30, 2020	\$ 118,861	\$ 4,645,597	\$ 4,764,458
Investment return	16,589	648,356	664,945
Contributions	-	1,720,000	1,720,000
Investment income appropriated for operations	<u>-</u>	<u>(129,450)</u>	<u>(129,450)</u>
Endowment net assets, September 30, 2021	135,450	6,884,503	7,019,953
Investment return	(21,408)	(1,088,081)	(1,109,489)
Contributions	-	50,000	50,000
Endowment transfer	-	84,593	84,593
Investment income appropriated for operations	<u>-</u>	<u>(139,082)</u>	<u>(139,082)</u>
Endowment net assets, September 30, 2022	<u>\$ 114,042</u>	<u>\$ 5,791,933</u>	<u>\$ 5,905,975</u>

**BUZZARDS BAY COALITION, INC. AND AFFILIATE**Notes to Combined Financial Statements  
September 30, 2022 and 2021

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**5. PLEDGES RECEIVABLE**

Pledges receivable are due as follows at September 30:

	<u>2022</u>	<u>2021</u>
Due within one year	\$ 110,057	\$ 201,417
Due in two to five years	<u>1,143,249</u>	<u>1,470,500</u>
	1,253,306	1,671,917
Less - discount	20,628	21,882
Less - allowance	<u>13,600</u>	<u>20,168</u>
Total pledges	1,219,078	1,629,867
Less - current portion	<u>110,057</u>	<u>201,417</u>
Total pledges, net	<u>\$ 1,109,021</u>	<u>\$ 1,428,450</u>

The pledges have been discounted using a 3% and 2.5% discount rate as of September 30, 2022 and 2021, respectively. Pledges received for endowment are excluded from the amounts due within one year due to the long-term nature of the underlying use of the funds.

**6. PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROCESS**

Property and equipment consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 12,808,755	\$ 12,771,355
Furniture, fixtures and equipment	1,108,729	1,005,320
Land	1,484,317	1,484,317
Vehicles and boat	331,186	240,752
Computer software	<u>198,631</u>	<u>195,431</u>
	15,931,618	15,697,175
Less - accumulated depreciation	<u>3,244,770</u>	<u>2,783,270</u>
	<u>\$ 12,686,848</u>	<u>\$ 12,913,905</u>

Construction in process at September 30, 2022 and 2021, consists of construction costs for an equipment shed at Cuttyhunk Island and the Gidwitz barn renovation totaling \$519,879 and \$65,005, respectively.

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

Notes to Combined Financial Statements  
September 30, 2022 and 2021

**7. CONSERVATION PROPERTIES, RESTRICTIONS AND IMPAIRMENT**

Conservation properties held by the Organization consist of the following as of September 30:

<u>Conservation Properties</u>	<u>Town</u>	<u>Acreage</u>	<u>Acquired/Deposit</u>	<u>2022</u>	<u>2021</u>
Burgess Ave Lots	Rochester	4.00	June 30, 2022	\$ 300,420	\$ -
O'Donoghue	Mattapoisett	0.7	June 27, 2022	216,041	-
Carricorp Parcel II	Westport	26.00	June 24, 2022	223,200	-
Wide Marsh Farm	Fairhaven	25.8	June 17, 2022	2,010,907	-
Hawes	Acushnet	100.00	January 14, 2022	222,182	-
Stuart Bogs	Rochester	236.20	December 17, 2021	832,052	-
Lincoln Street	Acushnet	0.80	November 24, 2021	51,235	-
Griffith Forest	Carver	32.00	July 29, 2021	248,618	248,618
Doggett Brook Farm	Rochester	54.09	May 19, 2021	-	911,081
Carricorp II	Westport	55.50	December 29, 2020	79,531	79,531
Cuttyhunk Island	Cuttyhunk	64.00	July 10, 2020	1,280,607	1,280,607
Old Middleboro Road	Rochester	259.00	October 22, 2020	153,374	153,374
Lyons Brook-Hender	Westport	50.00	July 1, 2020	64,404	64,404
Steidle Property	Rochester	11.80	April 6, 2020	26,849	26,849
Jireh-Hawes	New Bedford	0.31	December 18, 2019	92,600	92,600
Riverside Auto	Acushnet	.70	September 18, 2019	182,047	182,047
Langevin	Acushnet	2.90	July 3, 2019	-	-
Hawes	New Bedford	1.60	January 3, 2019	338,500	338,500
Winship Ave Lot 2	Wareham	1.30	October 26, 2018	-	-
Burgess Point Shores Lot B1	Wareham	1.40	October 26, 2018	-	-
Burgess Point Shores Lot B2	Wareham	1.50	October 26, 2018	-	-
Burgess Point Shores Lot B3	Wareham	2.60	August 17, 2018	-	-
Wheeler Forest	Falmouth	30.00	August 14, 2018	3,571,851	3,571,851
Machado East	Acushnet/ Fairhaven	30.71	August 10, 2018	401,532	401,532
GFRLC Lands	Fall River	78.00	July 24, 2018	821,800	821,800
Shattuck	Westport	4.17	June 22, 2018	12,000	12,000
Broad Marsh	Wareham	45.26	May 23, 2018	22,098	22,098
Tucker	Fairhaven	3.50	May 10, 2018	3,500	3,500
Machado West	Acushnet	12.83	August 3, 2017	59,858	59,858
Habitat for Humanity	Rochester	1.50	August 21, 2017	-	-
Carricorp	Westport	32.50	July 20, 2017	18,388	18,388
Carvalho Farm	Fairhaven	61.50	June 14, 2017	260,000	260,000
Sylvia	Acushnet	1.05	May 25, 2017	1,000	1,000
Keating Woods	Acushnet	21.65	March 17, 2017	25,295	25,295
Staples	Wareham	0.67	March 15, 2017	52,647	52,647
Jaros	Acushnet	9.00	December 20, 2016	158,395	158,395
Wood	Westport	8.86	November 9, 2016	167,150	167,150
Burgess Point Shores	Wareham	15.50	August 18, 2016	230,000	230,000
Wickets Island	Wareham	4.61	June 30, 2016	134,969	134,969
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
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

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

Notes to Combined Financial Statements  
September 30, 2022 and 2021

**7. CONSERVATION PROPERTIES, RESTRICTIONS AND IMPAIRMENT (Continued)**

<u>Conservation Properties</u>	<u>Town</u>	<u>Acreage</u>	<u>Acquired/Deposit</u>	<u>2022</u>	<u>2021</u>
Decas Bogs	Mattapoisett	125.00	December 22, 2011	-	-
Carreiro Property	Fairhaven	10.70	August 24, 2011	45,077	45,077
Riverside Marsh	Acushnet	4.95	December 30, 2010	-	-
Tripps Mill Brook	Mattapoisett	24.33	May 28, 2010	256,300	256,300
New Boston Road	Acushnet	0.31	May 28, 2010	-	-
Marsh Island	Fairhaven	7.50	December 11, 2009	44,535	44,535
Acushnet Sawmill	Acushnet	19.10	March 12, 2007	179,869	179,869
Miscellaneous deposits	Various	<u>0.00</u>	Various	<u>1,101,010</u>	<u>355,000</u>
Total		<u>1,661.67</u>		<u>\$ 14,210,923</u>	<u>\$ 10,519,957</u>

The Organization 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 Organization 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 Organization recognized \$706,975 of impairment on conservation properties for the year ended September 30, 2022. There was no impairment on conservation properties recognized for the year ended September 30, 2021.

The following is a listing of conservation restrictions held by the Organization as of September 30, 2022:

<u>Property</u>	<u>Town</u>	<u>Acreage</u>	<u>Acquired</u>
Doggett Brook Farm	Rochester	37	May 11, 2022
Doggett Brook Farm Buffer	Rochester	20.5	May 11, 2022
Costa-Mello	Fall River	37.50	December 15, 2020
Desmarais	Fall River	15.75	December 15, 2020
Apponagansett Estate	Dartmouth	22.00	September 23, 2020
Church's Beach	Gosnold	2.00	July 10, 2020
Lyons Brook Forest Buffer	Westport	5.00	July 1, 2020
Coffin Family Trust 2	Westport	24.00	June 30, 2020
Eva's Garden	Dartmouth	10.00	May 20, 2020
Apponagansett Farm	Dartmouth	26.00	February 6, 2020
Brandt Island Cove District North	Mattapoisett	39.00	January 13, 2020
Sommaripa Forest	Dartmouth	11.00	December 26, 2019
Wilson	Falmouth	7.00	December 18, 2019
Dike Creek Reserve	Dartmouth	76.50	November 18, 2019
Pine Island Pond	Mattapoisett	120.00	October 3, 2019
Soehring/Coffin Trust	Westport	29.00	June 27, 2019
E&J Powel	Dartmouth	29.00	January 15, 2019
Ocean View Farm North	Dartmouth	55.00	August 10, 2017
Ocean View Farm South	Dartmouth	59.00	August 10, 2017
Roy Hawkes	Rochester/ Mattapoisett	164.00	June 30, 2017
Decas-Winship	Wareham	4.40	August 18, 2016
Decas-Lydia's Island	Wareham	1.25	August 18, 2016
Tinkhamtown Woodlands	Mattapoisett	115.00	June 30, 2016
Weweantic Ridge	Wareham	22.00	October 28, 2015
Weeden Road	Fairhaven	32.00	December 11, 2014

**BUZZARDS BAY COALITION, INC. AND AFFILIATE**Notes to Combined Financial Statements  
September 30, 2022 and 2021**7. CONSERVATION PROPERTIES, RESTRICTIONS AND IMPAIRMENT (Continued)**

<u>Property</u>	<u>Town</u>	<u>Acreage</u>	<u>Acquired</u>
Shaw Farm	Fairhaven	126.00	December 11, 2014
Nasketucket Fields	Fairhaven	29.00	June 27, 2014
Quahog Hill	Fairhaven	13.50	June 26, 2014
Shearer	Falmouth	7.00	June 24, 2014
Wankinquoah Rod and Gun Club	Middleborough	287.00	November 20, 2013
North Woods	Mattapoissett	35.00	September 27, 2013
Quissett Harbor 1	Falmouth	3.60	September 27, 2013
Quissett Harbor 2	Falmouth	4.93	September 27, 2013
Sanford South	Middleboro	30.00	June 28, 2013
Peter's Creek Reserve	Dartmouth	29.00	April 22, 2013
Westgate	Wareham	48.54	February 26, 2013
Lloyd Woods	Dartmouth	26.50	November 19, 2012
Old Aucoot	Mattapoissett	315.70	March 2, 2012
Dufficy-Lawrence	Rochester	7.50	December 22, 2011
Old Haskell Farm	Rochester	14.50	December 22, 2011
Rentumis	Rochester	54.20	December 9, 2011
Tripps Mill Brook 2	Mattapoissett	42.67	March 11, 2011
Fitzgerald/New Boston Rd	Fairhaven	67.18	July 16, 2010
Viveiros Dairy (Lot 3)	Fairhaven	36.50	February 26, 2010
Mahoney	Marion	238.00	December 28, 2009
Gurney	Rochester	17.50	December 23, 2009
MacPhail	Rochester	12.50	December 23, 2009
Flume Pond	Falmouth	28.00	December 18, 2008
Shipyard Farm	Fairhaven	53.00	February 22, 2008
Red Barn Farm	Rochester	60.00	December 24, 2007
Gaumont	Rochester	7.00	December 24, 2007
Garfield	Dartmouth	18.00	December 3, 2007
Douglass	Fairhaven	16.45	October 2, 2007
Viveiros Dairy (Lot 2)	Fairhaven	11.00	June 6, 2006
Nulands Neck	Fairhaven	101.00	December 28, 2005
Sperry Farm	Rochester	13.50	December 28, 2005
Field Farm	Mattapoissett	64.00	November 24, 2004
Marsh Island North	Fairhaven	<u>14.25</u>	September 29, 2003
Total acreage		<u>2,796.42</u>	

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 \$23,200 and \$22,400 for the years ended September 30, 2022 and 2021, 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's conservation restriction holdings are not reflected in the accompanying combined financial statements as either assets or liabilities.

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

Notes to Combined Financial Statements  
September 30, 2022 and 2021

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### **8. LINES OF CREDIT**

#### **Operating Line of Credit**

On January 15, 2020, the Organization entered into a line of credit agreement with a bank, which allows for maximum borrowings up to \$250,000 through February 28, 2021, which was extended through November 3, 2023. Borrowings under the agreement are due on demand and interest is payable monthly on outstanding borrowings at the bank's base lending rate plus .25% per annum, but under no circumstances to be less than 5% per annum. As of September 30, 2022 and 2021, the interest rate was 6.5% and 5%, respectively. There were no borrowings outstanding as of September 30, 2022 and 2021. The line of credit has a first priority security interest on all property and equipment (see Note 6).

#### **Conservation Properties Line of Credit**

In July 2019, the Organization entered into a revolving line of credit agreement with a bank, which allows for maximum borrowings up to \$3,000,000. Borrowings under this agreement were due on demand and interest is payable monthly on outstanding borrowings at the *Wall Street Journal's* prime rate plus .25% per annum (6.5% and 5% at September 30, 2022 and 2021, respectively), but under no circumstances to be less than 5% per annum. There were borrowings of \$1,803,534 at September 30, 2022. There were no borrowings outstanding at September 30, 2021. The line of credit is secured by specific properties and assets of the Organization. The Organization had certain non-financial covenants as specified in the agreement which it was in compliance with at September 30, 2022 and 2021.

### **9. NOTE PAYABLE**

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 Organization had certain non-financial covenants as specified in the agreement which it was in compliance with at September 30, 2022 and 2021. There was \$150,000 outstanding on this note as of September 30, 2022 and 2021.

### **10. RETIREMENT PLAN**

The Organization maintains a 401(k) profit sharing plan for employees who have reached 21 years of age and worked for the Organization for over one year or completed at least 1,000 hours of service. Under the plan, the Organization may make discretionary contributions to the plan. In addition, the Organization 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 Organization. The contributions for the years ended September 30, 2022 and 2021, were \$88,695 and \$85,088, respectively, which are included in employee benefits in the accompanying combined statements of functional expenses. The Organization's contributions are vested at a 25% rate per year, becoming fully vested after year four.

### **11. CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash balances in one bank 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 Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Two donors accounted for approximately 94% and 74% of the net pledges receivable balance as of September 30, 2022 and 2021, respectively.

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

Notes to Combined Financial Statements  
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### **12. CONDITIONAL GOVERNMENT CONTRACTS**

#### **Conditional Government Contracts**

During fiscal years 2022 and 2021, the Organization received various government grants and contracts totaling \$3,754,819 and \$6,948,827, respectively, that contained conditions that represent a barrier that must be overcome, as well as a right of return of assets or release from obligations. The Organization recognizes these government grants and contracts when conditions are met. During the years ended September 30, 2022 and 2021, the Organization recognized \$878,239 and \$1,591,455 of government grants and contracts, respectively. Government grants and contracts committed but not recognized as of September 30, 2022 and 2021, are from various governmental agencies totaling \$8,233,952 and \$5,357,372, respectively.

#### **Paycheck Protection Program Loan (PPP)**

During March 2021, the Organization applied for and was awarded a second draw from the PPP established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of \$339,200. The funds were used to pay certain payroll costs, including benefits during a covered period as defined in the CARES Act. The Organization accounted for this as a conditional grant under ASC Subtopic 958-605. The Organization recognized \$339,200 of grant revenue, which is included in grants and contributions in the accompanying fiscal year 2021 combined statement of activities and changes in net assets. The Organization applied for and received full forgiveness from the bank in November 2021.

### **13. RELATED PARTY TRANSACTIONS**

As of September 30, 2022 and 2021, the Organization 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.

A Board member of the Organization during fiscal year 2021 is also a staff member of the company that the Organization utilizes for laboratory services. Total expenses incurred for the year ended September 30, 2022, was \$92,733.

The Organization contracted with a company owned by a Board member to provide repair services to one of its boats. In addition, this company also provided marine equipment. The total cost of the equipment and repairs was \$7,500 and \$29,363 for the years ended September 30, 2022 and 2021, respectively. The Organization also purchased a new boat for \$163,129 during fiscal year 2021 from the company owned by the Board member.

### **14. EMPLOYER RETENTION TAX CREDIT**

The Employee Retention Tax Credit (ERTC) was first established by the CARES Act and was extended and expanded by the Consolidated Appropriations Act (CAA) and American Rescue Plan (ARP). ERTC provides a refundable tax credit against certain employment taxes equal to 50% of the first \$10,000 in qualified wages paid to each employee between March 12, 2020 and December 31, 2020 (2020 ERTC), and 70% of the first \$10,000, per quarter, in qualified wages paid to each employee between January 1, 2021 and September 30, 2021 (2021 ERTC). To be eligible, the Organization must meet certain conditions as described in applicable laws and regulations.



**BUZZARDS BAY COALITION, INC. AND AFFILIATE**Notes to Combined Financial Statements  
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**14. EMPLOYER RETENTION TAX CREDIT (Continued)**

The Organization has determined that it qualifies for both a portion of the 2020 ERTC that pertains to October 1, 2020 to December 31, 2020, and the portion of the 2021 ERTC that pertains to January 1, 2021 to June 30, 2021, and therefore, is accounting for them as conditional grants under ASC Subtopic 958-605. These grants are conditional upon certain performance requirements and the incurrence of eligible expenses. In the opinion of management, these conditions were met as of September 30, 2021. The total grant of \$372,156 was recorded as grants and contributions in the accompanying combined statement of activities and changes in net assets for the fiscal year ended September 30, 2021. There is \$92,037 that the Organization received during fiscal year 2022 included in contracts receivable in the accompanying combined statement of financial position as of September 30, 2021. Eligibility for the credit and the credit calculations are subject to review and approval by the Federal government.

**15. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization's financial assets available within one year from the combined statements of financial position date for general operating expenses are as follows as of September 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,770,358	\$ 1,763,804
Contracts receivable	304,066	360,757
Current portion of pledges receivable	<u>110,057</u>	<u>201,417</u>
Total financial assets	2,184,481	2,325,978
Plus - subsequent year's approved endowment withdrawal	289,276	139,082
Less - donor-imposed restrictions	<u>(4,025,023)</u>	<u>(1,910,265)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ (1,551,266)</u>	<u>\$ 554,795</u>

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. The Organization also maintains a line of credit with a bank to manage liquidity (see Note 8). The Organization has various conditional government grants and contracts that have been awarded (see Note 12) that have not been able to recognized the revenue yet under ASC Topic 958.

**16. RECLASSIFICATIONS**

Certain amounts in the fiscal year 2021 combined financial statements have been reclassified to confirm with the fiscal year 2022 presentation.