



AND AFFILIATE

**COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

BUZZARDS BAY COALITION, INC. AND AFFILIATE

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As of and for the fifteen month period ended December 31, 2023

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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. and the Acushnet River Reserve, Inc. (the Affiliate) (Massachusetts corporations, not for profit) (collectively, the Organization), which comprise the combined statement of financial position as of December 31, 2023, and the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the fifteen month period 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 December 31, 2023, and the changes in their net assets and their cash flows for the fifteen month period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 audit. 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
October 30, 2024

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Combined Statement of Financial Position

December 31, 2023

Assets

Current Assets:

Cash	\$ 4,469,733
Contracts receivable	1,038,723
Current portion of pledges receivable	600,130
Other assets	123,482

Total current assets 6,232,068

Other Assets:

Pledges receivable, net	1,533,331
Investments	8,316,616
Conservation properties	18,780,513

Total other assets 28,630,460

Property and Equipment, net 13,033,083

Construction in Process 757,788

Total assets \$ 48,653,399

Liabilities and Net Assets

Current Liabilities:

Lines of credit	\$ 903,185
Accounts payable and accrued expenses	736,524
Conditional advances	18,668

Total current liabilities 1,658,377

Notes Payable 1,600,000

Total liabilities 3,258,377

Net Assets:

Without donor restrictions	26,998,892
With donor restrictions	18,396,130

Total net assets 45,395,022

Total liabilities and net assets \$ 48,653,399

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

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BUZZARDS BAY COALITION, INC. AND AFFILIATE

Combined Statement of Activities and Changes in Net Assets
For the fifteen month period ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Grants and contributions	\$ 3,695,834	\$ 5,505,693	\$ 9,201,527
Government contracts	5,441,007	-	5,441,007
Fundraising events	933,922	-	933,922
Investment income appropriated for operations	365,696	-	365,696
Gain on sale of property and equipment	316,718	-	316,718
In-kind goods and services	224,737	-	224,737
Rental income	204,451	-	204,451
Miscellaneous income	182,611	-	182,611
Net assets released from purpose restrictions	1,979,447	(1,979,447)	-
Net assets released from time restriction	20,400	(20,400)	-
	<u>13,364,823</u>	<u>3,505,846</u>	<u>16,870,669</u>
Expenses:			
Program services	9,812,820	-	9,812,820
Fundraising and development	1,188,167	-	1,188,167
General and administrative	1,733,293	-	1,733,293
Total expenses	<u>12,734,280</u>	<u>-</u>	<u>12,734,280</u>
	<u>630,543</u>	<u>3,505,846</u>	<u>4,136,389</u>
Other Revenues:			
Capital grants	-	4,526,972	4,526,972
Investment return	578,119	1,249,692	1,827,811
Net assets released from capital restrictions	3,481,578	(3,481,578)	-
Investment income appropriated for operations	(88,247)	(277,449)	(365,696)
	<u>3,971,450</u>	<u>2,017,637</u>	<u>5,989,087</u>
	<u>4,601,993</u>	<u>5,523,483</u>	<u>10,125,476</u>
Net Assets:			
Beginning of period	<u>22,827,536</u>	<u>12,442,010</u>	<u>35,269,546</u>
Net asset transfer	<u>(430,637)</u>	<u>430,637</u>	<u>-</u>
End of period	<u>\$ 26,998,892</u>	<u>\$ 18,396,130</u>	<u>\$ 45,395,022</u>

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Combined Statement of Cash Flows
For the fifteen month period ended December 31, 2023

Cash Flows from Operating Activities:

Changes in net assets	\$ 10,125,476
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	593,357
Change in reserve for uncollectible pledges	23,514
Change in discount of pledges receivable	45,593
Capital grants	(4,526,972)
Loss on impairment on conservation properties	528,997
Net unrealized and realized gains	(1,435,543)
Gain on sale of property and equipment	(316,718)
Changes in operating assets and liabilities:	
Accounts and contracts receivable	(734,657)
Pledges receivable	(983,490)
Other assets	41,110
Accounts payable and accrued expenses	162,488
Conditional advances	(763,421)
Net cash provided by operating activities	<u>2,759,734</u>

Cash Flows from Investing Activities:

Purchase of investments	(377,612)
Proceeds from sale of investments	1,200,000
Cash paid for construction in process	(237,909)
Acquisition of property and equipment	(1,003,444)
Proceeds from sale of property and equipment	380,570
Acquisition of conservation properties	(7,070,860)
Proceeds from sale of conservation restricted properties	1,972,273
Net cash used in investing activities	<u>(5,136,982)</u>

Cash Flows from Financing Activities:

Payments on lines of credit	(900,349)
Proceeds from notes payable	1,450,000
Capital grants received	4,526,972
Net cash provided by financing activities	<u>5,076,623</u>

Net Change in Cash 2,699,375

Cash:

Beginning of year	<u>1,770,358</u>
End of year	<u>\$ 4,469,733</u>

Supplemental Disclosure of Non-Cash Transactions:

Cash paid for interest	<u>\$ 229,141</u>
Cost basis of properties sold	<u>\$ 63,852</u>

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

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BUZZARDS BAY COALITION, INC. AND AFFILIATE

Combined Statement of Functional Expenses
For the fifteen month period ended December 31, 2023

	<u>Program Services</u>	<u>Fundraising and Development</u>	<u>General and Adminis- trative</u>	<u>Total Expenses</u>
Personnel and Related:				
Salaries	\$ 2,089,641	\$ 608,863	\$ 770,208	\$ 3,468,712
Employee benefits	251,697	41,312	97,983	390,992
Payroll taxes	145,405	71,207	73,751	290,363
Contract labor	-	-	163,869	163,869
Total personnel and related	<u>2,486,743</u>	<u>721,382</u>	<u>1,105,811</u>	<u>4,313,936</u>
Occupancy:				
Depreciation	523,144	23,914	46,299	593,357
Interest expense	227,016	-	2,125	229,141
Facility maintenance	76,724	5,308	5,308	87,340
Utilities	60,528	5,571	5,571	71,670
Rent	11,656	-	-	11,656
Total occupancy	<u>899,068</u>	<u>34,793</u>	<u>59,303</u>	<u>993,164</u>
Operations:				
Contractual services	4,578,206	44,340	143,267	4,765,813
Loss on impairment of conservation properties	528,997	-	-	528,997
Land protection costs	347,884	-	80	347,964
Program supplies	280,541	4,769	3,715	289,025
Events	257	276,381	-	276,638
Legal services	175,353	-	755	176,108
Miscellaneous	126,954	18,573	27,204	172,731
Lab analysis	170,611	-	-	170,611
Insurance	60,548	4,456	90,991	155,995
IT services	981	-	98,017	98,998
Office equipment and supplies	24,627	-	71,549	96,176
Software maintenance	5,411	37,213	37,231	79,855
Printing and postage	41,737	19,154	8,683	69,574
Travel	52,006	3,592	8,540	64,138
Accounting and audit	-	-	50,923	50,923
Meetings and events	20,070	-	12,225	32,295
Telephone	12,826	-	14,999	27,825
Bad debt	-	23,514	-	23,514
Total operations	<u>6,427,009</u>	<u>431,992</u>	<u>568,179</u>	<u>7,427,180</u>
Total expenses	<u>\$ 9,812,820</u>	<u>\$ 1,188,167</u>	<u>\$ 1,733,293</u>	<u>\$ 12,734,280</u>

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

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.

During 2023, the Coalition and its Affiliate filed a certificate of change of fiscal year end with the Commonwealth of Massachusetts. This change resulted in the Coalition and Affiliate transitioning from a September 30th to December 31st fiscal year end. These combined financial statements encompass the fifteen month period ended December 31, 2023.

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.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the guidance in *Topic 840, Leases*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities on the combined statement of financial position for operating leases. The Organization adopted Topic 842 on October 1, 2022, using the optional transition method. Under this transition method, lease information related to years prior to adoption remains as originally reported under Topic 840.

The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Organization to skip the reassessment of whether the contract is or contains a lease, the treatment of initial direct costs and lease classification for the existing lease contracts. The adoption of the standard did not have a material impact on the Organization's combined financial statements.

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. During the period ended December 31, 2023, the Organization transferred \$430,637 from the board designated endowment into the donor restricted endowment as part of a matching gift request. This amount is reflected as a net asset transfer in the accompanying combined statement of activities. Board designated net assets were \$1,837,645 as of December 31, 2023, and are included in net assets without donor restrictions in the accompanying combined statement 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 December 31, 2023:

Donor restricted endowments	\$ 6,364,905
Watershed Protection Projects	4,529,792
Other restricted program support	2,210,639
Land Revolving Loan Fund	2,021,779
Donor restricted net assets board designated for	
Endowment (see Note 4)	1,335,000
Generations Campaign	707,208
Appreciation on donor-restricted endowments (see Note 4)	829,907
Advocacy and Public Education to Reduce Pollution in	
New Bedford Harbor	199,875
Time restricted	<u>197,025</u>
Total	<u>\$ 18,396,130</u>

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net Assets With Donor Restrictions (Continued)

Donor Restricted Endowments

Donor restricted 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 30th 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.

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 fifteen month period ended December 31, 2023.

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 December 31, 2023, the Organization has borrowed \$1,064,000 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.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net Assets With Donor Restrictions (Continued)

Appreciation on Donor-Restricted Endowments

These funds are the accumulated unspent realized and unrealized appreciation of the net assets with donor restricted endowment (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 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 December 31, 2023, 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 December 31, 2023.

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 \$37,114 at December 31, 2023.

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.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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 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 \$365,696 for the fifteen month period ended December 31, 2023, and are reflected as investment income appropriated for operations in the accompanying combined statement of activities and changes in net assets.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

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.

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.

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 December 31, 2023. 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 December 31, 2023.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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.

Fundraising events revenue is from the Organization's fundraising events and revenues are 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 statement of activities and changes in net assets after the special event has occurred and the performance obligation has been met. Included in conditional advances was approximately \$19,000 of fundraising event revenue as of December 31, 2023, 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

During the fifteen month period ended December 31, 2023, the Organization received donated goods and services from various individuals or organizations for use in its programs. The value of the goods and services is reflected in the accompanying combined statement of activities and changes in net assets based upon a value assigned by the donor or a reasonable estimate as determined by management. Donated goods and services were utilized by the Organization's programs and supporting services, do not have donor-imposed restrictions and is not monetized.

In-kind goods and services are as follows for the fifteen month period ended December 31, 2023:

Legal services	\$ 119,744
IT services	77,242
Other	<u>27,751</u>
Total	<u>\$ 224,737</u>

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.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Leases

The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) and determines lease classification as operating, sales-type and direct financing at inception. The Organization only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with terms, including renewal options, of twelve months or less are treated as short-term leases.

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 Statement 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 statement of activities and changes in net assets. Non-operating revenues consist of investment activity and capital grants.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through October 30, 2024, 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 combined financial statements.

3. INVESTMENTS

Investments are valued using Level 1 inputs (see Note 2) and are comprised of the following as of December 31, 2023:

Equities:	
Mutual funds:	
Large blend	\$ 5,098,254
Short-term bonds	1,180,548
Foreign large blend	1,166,299
Small cap	568,152
Other	160,209
Money market fund	<u>143,154</u>
Total investments	<u>\$ 8,316,616</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 December 31, 2023:

General	\$ 922,422
Bay Science Fund	3,452,490
Building Maintenance Fund	1,000,400
Land Stewardship Fund	<u>989,593</u>
Total Endowments restricted in perpetuity (see page 7)	6,364,905
Donor restricted net assets board designated for endowment (see page 15)	1,335,000
Appreciation on donor-restricted endowments	<u>829,907</u>
Total Endowments with donor restrictions	<u>\$ 8,529,812</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.

During the 15-month period ended December 31, 2023, the Organization borrowed \$1,200,000 from the general endowment to pay down the line of credit (see Note 8). 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 the fifteen month period ended December 31, 2023.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

4. ENDOWMENTS (Continued)

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.

Donor Restricted Net Assets Board Designated for Endowment - The Organization has received donor restricted grants that provided for flexibility to be used for a specific purpose and also provide long-term sustainability through the endowment. Since the funds have not been spent on their specific purpose, the board has designated \$1,335,000 of these funds to be part of the funds functioning as endowment during the fifteen month period ended December 31, 2023.

A reconciliation of endowment activity is as follows:

	Without Donor Restrictions Board Designated	With Donor Restrictions	Total Endowment
Endowment net assets, September 30, 2022	\$ 114,042	\$ 5,791,933	\$ 5,905,975
Investment return	539,646	1,249,691	1,789,337
Transfers into endowment	1,272,204	1,765,637	3,037,841
Investment income appropriated for operations	<u>(88,247)</u>	<u>(277,449)</u>	<u>(365,696)</u>
Endowment net assets, December 31, 2023	<u>\$ 1,837,645</u>	<u>\$ 8,529,812</u>	<u>\$ 10,367,457</u>

5. PLEDGES RECEIVABLE

Pledges receivable are due as follows at December 31, 2023:

Due within one year	\$ 600,130
Due in two to five years	<u>1,636,666</u>
	2,236,796
Less - discount	66,221
Less - allowance	<u>37,114</u>
Total pledges	2,133,461
Less - current portion	<u>600,130</u>
Total pledges, net	<u>\$ 1,533,331</u>

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

5. PLEDGES RECEIVABLE (Continued)

The pledges have been discounted using a 8.26% discount rate as of December 31, 2023. 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 December 31, 2023:

Buildings and improvements	\$ 13,759,283
Furniture, fixtures and equipment	1,131,867
Land	1,410,562
Vehicles and boat	337,682
Computer software	<u>221,914</u>
	16,861,308
Less - accumulated depreciation	<u>3,828,225</u>
Property and Equipment, net	<u>\$ 13,033,083</u>

Construction in process at December 31, 2023, consists of the following construction projects with costs totaling \$757,788:

Red Brick project - At December 31, 2023, the Organization had expended approximately \$7,000 on architectural fees for planning a renovation. There are currently no plans to move this project forward during 2024.

Woodriff House - At December 31, 2023, the Organization had expended approximately \$12,000 on tree work in prep for the house and septic project. The project will start on October 1, 2024 and will be completed by May 31, 2025. Expected costs for the house renovation will be approximately \$460,000. The septic system upgrade split between house and barn will be approximately \$150,000. The project will be funded through private donations.

Gidwitz barn renovation - At December 31, 2023, the Organization had expended approximately \$739,000 in construction costs. Construction was completed in early fiscal year 2024.

7. CONSERVATION PROPERTIES, RESTRICTIONS AND IMPAIRMENT

Conservation properties held by the Organization consist of the following as of December 31:

<u>Conservation Properties</u>	<u>Town</u>	<u>Acreage</u>	<u>Acquired/Deposit</u>	<u>2023</u>
Hawes II	Acushnet	122.69	February 14, 2023	\$ 161,908
Red Brick Farm	Mattapoisett	241	March 3, 2022	938,756
Petty Snell Creek	Dartmouth	31.44	October 5, 2022	286,646
Douglas Conservation Land	Fairhaven	26.9	June 21, 2023	798,245
Carvahlo North Property	Fairhaven	9.95	January 24, 2023	159,415
Mayflower	Rochester	28	June 2, 2022	102,837
3 Burgess	Falmouth	0.184	May 11, 2023	604,779
Wainer Farm	Dartmouth	22	September 5, 2023	1,523,024
705 Button Elm	Dartmouth	1.49	December 16, 2022	815,581
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	2,014,307
Hawes	Acushnet	100.00	January 14, 2022	222,182

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

7. CONSERVATION PROPERTIES, RESTRICTIONS AND IMPAIRMENT (Continued)

<u>Conservation Properties</u>	<u>Town</u>	<u>Acreage</u>	<u>Acquired/Deposit</u>	<u>2023</u>
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
Doggett Brook Farm	Rochester	54.09	May 19, 2021	-
Carricorp II	Westport	55.50	December 29, 2020	79,531
Cuttyhunk Island	Cuttyhunk	64.00	July 10, 2020	1,280,607
Old Middleboro Road	Rochester	259.00	October 22, 2020	153,374
Lyons Brook-Hender	Westport	50.00	July 1, 2020	64,404
Steidle Property	Rochester	11.80	April 6, 2020	26,849
Jireh-Hawes	New Bedford	0.31	December 18, 2019	14,654
Riverside Auto	Acushnet	.70	September 18, 2019	182,047
Langevin	Acushnet	2.90	July 3, 2019	-
Hawes	New Bedford	1.60	January 3, 2019	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
Machado East	Acushnet/ Fairhaven	30.71	August 10, 2018	401,532
GFRLC Lands	Fall River	78.00	July 24, 2018	821,800
Shattuck	Westport	4.17	June 22, 2018	12,000
Broad Marsh	Wareham	45.26	May 23, 2018	22,098
Tucker	Fairhaven	3.50	May 10, 2018	3,500
Machado West	Acushnet	12.83	August 3, 2017	59,858
Habitat for Humanity	Rochester	1.50	August 21, 2017	-
Carricorp	Westport	32.50	July 20, 2017	18,388
Carvalho Farm	Fairhaven	61.50	June 14, 2017	260,000
Sylvia	Acushnet	1.05	May 25, 2017	1,000
Keating Woods	Acushnet	21.65	March 17, 2017	25,295
Staples	Wareham	0.67	March 15, 2017	52,647
Jaros	Acushnet	9.00	December 20, 2016	158,395
Wood	Westport	8.86	November 9, 2016	167,150
Burgess Point Shores	Wareham	15.50	August 18, 2016	230,000
Wickets Island	Wareham	4.61	June 30, 2016	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
LaPalme Farm	Acushnet	47.00	July 31, 2012	155,000
Coelho & Walega	Acushnet	3.80	June 26, 2012	27,960
Horseshoe Mill	Wareham	10.00	June 20, 2012	90,000
Town Line	Mattapoisett	63.00	February 29, 2012	22,899
Decas Bogs	Mattapoisett	125.00	December 22, 2011	-
Carreiro Property	Fairhaven	10.70	August 24, 2011	45,077
Riverside Marsh	Acushnet	4.95	December 30, 2010	-
Tripps Mill Brook	Mattapoisett	24.33	May 28, 2010	256,300
New Boston Road	Acushnet	0.31	May 28, 2010	-
Marsh Island	Fairhaven	7.50	December 11, 2009	44,535
Acushnet Sawmill	Acushnet	19.10	March 12, 2007	179,869
Miscellaneous deposits	Various	<u>0.00</u>	Various	<u>353,955</u>
Total		<u>2,155.32</u>		<u>\$ 18,780,513</u>

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

7. CONSERVATION PROPERTIES, RESTRICTIONS AND IMPAIRMENT (Continued)

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 \$528,997 of impairment on conservation properties for the fifteen month period ended December 31, 2023.

The following is a listing of conservation restrictions held by the Organization as of December 31, 2023.

<u>Property</u>	<u>Town</u>	<u>Acreage</u>	<u>Acquired</u>
Graber	Dartmouth	19.7	December 22, 2023
Dwyer	Fairhaven	3.3	December 15, 2023
Hawes Long Plain Forest	Rochester/ Mattapoisett/ Acushnet	62.8	September 27, 2023
Red Brick Farm East	Mattapoisett/ Rochester	13.1	September 26, 2023
Brandt Island Cove District West	Mattapoisett	16	June 30, 2023
Alves	Mattapoisett	4	December 29, 2022
R&W Garfiled	Gosnold	3.3	December 28, 2022
West End	Gosnold	165	October 26, 2022
West End MESA	Gosnold	45.5	October 26, 2022
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-Lydias Island	Wareham	1.25	August 18, 2016
Tinkhamtown Woodlands	Mattapoisett	115.00	June 30, 2016
Wewentic Ridge	Wareham	22.00	October 28, 2015
Weeden Road	Fairhaven	32.00	December 11, 2014
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

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

7. CONSERVATION PROPERTIES, RESTRICTIONS AND IMPAIRMENT (Continued)

<u>Property</u>	<u>Town</u>	<u>Acreage</u>	<u>Acquired</u>
North Woods	Mattapoisett	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	Mattapoisett	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	Mattapoisett	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
Shipyards 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	Mattapoisett	64.00	November 24, 2004
Marsh Island North	Fairhaven	<u>14.25</u>	September 29, 2003
Total acreage		<u>3,129.12</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 \$26,800 for the fifteen month period ended December 31, 2023, which are included in land protection costs in the accompanying combined statement 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
As of and for the fifteen month period ended December 31, 2023

8. LINES OF CREDIT

Operating Line of Credit

The Organization has a line of credit agreement with a bank which allows for maximum borrowings up to \$250,000 through December 1, 2024. 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 December 31, 2023, the interest rate was 8.75%. There were no borrowings outstanding as of December 31, 2023. 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. During 2023, the Organization amended the line of credit to increase the maximum borrowings up to \$5,000,000 through December 1, 2024. Borrowings under this agreement were due on demand and interest is payable monthly on outstanding borrowings at the bank's fluctuating prime rate (8.75% at December 31, 2023), but under no circumstances to be less than 5% per annum. There were borrowings of \$903,185 at December 31, 2023. 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 December 31, 2023.

9. NOTES 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 December 31, 2023. There was \$150,000 outstanding on this note as of December 31, 2023, and is included in notes payable in the accompanying combined statement of financial position.

During 2023, the Organization entered into four separate unsecured note payable agreements with three different individuals to fund the acquisition of the Wainer Farm property. Two of the notes are for \$500,000 each, one note is for \$250,000, and one note is for \$200,000. All four of these notes have an interest rate of 1% and mature on June 30, 2025, at which time the outstanding principal plus any interest are due and payable. The Organization may prepay the notes in full or in part at any time, without premium or penalty. The outstanding principal of these notes as of December 31, 2023, was \$1,450,000 and is included in notes payable in the accompanying combined statement of financial position. Accrued interest related to these notes was \$10,975 and is included in accounts payable and accrued expenses in the accompanying combined statement of financial position.

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 fifteen month period ended December 31, 2023, were \$149,477, which are included in employee benefits in the accompanying combined statement of functional expenses. The Organization's contributions are vested at a 25% rate per year, becoming fully vested after year four.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

11. CONCENTRATION OF CREDIT RISK AND FUNDING

Concentrations

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 84% of the net pledges receivable balance as of December 31, 2023.

Funding

The Organization receives a significant portion of its operating revenue and support (approximately 16% and 13% for the fifteen month period ended December 31, 2023) from the Commonwealth of Massachusetts (the Commonwealth) and Federal government under cost-reimbursable contracts. These reimbursements are subject to audit by the Commonwealth and Federal government. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined financial position of the Organization as of December 31, 2023, or on the changes in their net assets for the fifteen month period then ended.

Approximately 36% and 43% of the Organization's contracts receivable at December 31, 2023, are due from the Commonwealth and Federal government, respectively.

The Organization also receives funding from various other governmental agencies to assist with program expenses and operating costs. These grants and contracts have been expended in accordance with the respective terms contained in the agreements and are subject to possible final audit determination by certain governmental agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined financial statements.

12. CONDITIONAL GOVERNMENT CONTRACTS

Conditional Government Contracts

During the fifteen month period ended December 31, 2023, the Organization received multiple government contracts from various governmental agencies totaling \$2,494,583. These commitments are considered conditional under Topic 958, as they 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 fifteen month period ended December 31, 2023, the Organization recognized \$4,799,949 included in government grants and contracts on the accompanying combined statement of activities and changes in net assets. Government grants and contracts committed but not recognized as of December 31, 2023, are from various governmental agencies totaling \$5,618,283. These commitments are not included in the accompanying combined financial statements.

13. RELATED PARTY TRANSACTIONS

A current Board member of the Organization donated a Conservation Restriction on a property owned in Dartmouth MA.

BUZZARDS BAY COALITION, INC. AND AFFILIATE

Notes to Combined Financial Statements
As of and for the fifteen month period ended December 31, 2023

13. RELATED PARTY TRANSACTIONS (Continued)

A current Vice President of Operations of the Organization has a market rate lease (monthly rent of \$3,400) of the house at Wainer Farm in Dartmouth, Massachusetts which is an Organization owned property. The lease period included eight months of the fifteen month period ended December 31, 2023. Rental income of approximately \$27,200 was recognized by the Organization during the fifteen month period ended December 31, 2023. The lease is a tenant at will agreement through October 31, 2024.

A current Board member of the Organization is also a staff member of an organization that the Organization utilizes for laboratory services. Total expenses incurred for the fifteen month period ended December 31, 2023, was \$151,355. This same Board member is the Principal Investigator in a National Science Foundation grant in which the Organization is a sub-awardee. The total value to the Organization for the sub-award is \$301,248 over four years.

The Organization jointly holds a conservation restriction with the Rochester Land Trust on a property Red Barn Farm located at Vaughan Hill Road, Rochester, Massachusetts, which was owned by one of its Board members (Russ Keeler - related party) who also served on the Board of Directors of the Rochester Land Trust.

14. 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 December 31:

Cash	\$ 4,469,733
Contracts receivable	1,038,723
Current portion of pledges receivable	<u>600,130</u>
Total financial assets	6,108,586
Plus - subsequent year's approved endowment withdrawal	325,000
Less - donor-imposed restrictions	<u>(6,152,733)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 280,853</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 recognized as revenue under ASC Topic 958.