

**CENTER FOR COASTAL STUDIES, INC.**  
(a nonprofit organization)

**FINANCIAL STATEMENTS**

For the Years Ended December 31, 2016 and 2015

**CENTER FOR COASTAL STUDIES, INC.**

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For the Years Ended December 31, 2015 and 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Center for Coastal Studies, Inc.  
Provincetown, Massachusetts

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

We have audited the accompanying financial statements of the Center for Coastal Studies, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audits. We conduct our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for Coastal Studies, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2017, on our consideration of the Center for Coastal Studies, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Center for Coastal Studies, Inc.'s internal control over financial reporting and compliance.

Osterville, Massachusetts  
February 18, 2017

**CENTER FOR COASTAL STUDIES, INC.****Statements of Financial Position**

December 31, 2016 and 2015

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 889,158	\$ 1,132,769
Inventory	9,431	14,385
Investments	426,301	414,855
Accounts receivable	445,569	281,570
Prepaid expenses	9,261	9,472
<b>Total Current Assets</b>	<u>1,779,720</u>	<u>1,853,051</u>
<b>Fixed Assets:</b>		
Land	499,950	499,950
Building and improvements	3,372,716	2,034,487
Equipment	1,842,157	1,766,089
<b>Total Fixed Assets</b>	<u>5,714,823</u>	<u>4,300,526</u>
Accumulated depreciation	(2,430,078)	(2,291,429)
<b>Net Fixed Assets</b>	<u>3,284,745</u>	<u>2,009,097</u>
<b>Other Assets:</b>		
Dock Rights	250,000	250,000
<b>Total Other Assets</b>	<u>250,000</u>	<u>250,000</u>
<b>Total Assets</b>	<u><u>\$ 5,314,465</u></u>	<u><u>\$ 4,112,148</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>		
Accounts payable	\$ 283,446	\$ 31,894
Accrued expenses	10,205	11,060
Current portion of long-term debt	8,719	2,562
<b>Total Current Liabilities</b>	<u>302,370</u>	<u>45,516</u>
<b>Long-Term Liabilities:</b>		
Notes payable	15,712	-
Mortgage payable - Seaman's Bank	52,711	55,274
<b>Total Long-Term Liabilities</b>	<u>68,423</u>	<u>55,274</u>
<b>Total Liabilities</b>	<u>370,793</u>	<u>100,790</u>
<b>Net Assets</b>		
Unrestricted net assets	4,517,416	3,596,491
Temporarily Restricted Net Assets	336,656	331,725
Permanently Restricted Net Assets	89,600	83,142
<b>Total Net Assets</b>	<u>4,943,672</u>	<u>4,011,358</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 5,314,465</u></u>	<u><u>\$ 4,112,148</u></u>

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

**CENTER FOR COASTAL STUDIES, INC.****Statement of Activities**

For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue:</b>				
Memberships	\$ 80,589	\$ -	\$ -	\$ 80,589
Contributions, grants, contracts	3,580,602	313,522	-	3,894,124
Special events	43,603	-	-	43,603
Merchandise sales	77,449	-	-	77,449
Other earned income	68,355	-	-	68,355
Gain from sale of asset	18,466	-	-	18,466
Investment income (loss)	2,007	5,014	6,470	13,491
Net asset release from restrictions due to satisfaction of the purpose of restrictions	<u>313,617</u>	<u>(313,605)</u>	<u>(12)</u>	<u>-</u>
Total Revenue	4,184,688	4,931	6,458	4,196,077
<b>Expenses:</b>				
Program services	2,537,466	-	-	2,537,466
General and administrative	607,382	-	-	607,382
Fund raising	<u>118,915</u>	<u>-</u>	<u>-</u>	<u>118,915</u>
Total Expenses	<u>3,263,763</u>	<u>-</u>	<u>-</u>	<u>3,263,763</u>
Net increase (decrease) in net assets	920,925	4,931	6,458	932,314
Net assets at beginning of year	<u>3,596,491</u>	<u>331,725</u>	<u>83,142</u>	<u>4,011,358</u>
Net assets at end of year	<u>\$ 4,517,416</u>	<u>\$ 336,656</u>	<u>\$ 89,600</u>	<u>\$ 4,943,672</u>

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

**CENTER FOR COASTAL STUDIES, INC.****Statement of Activities**

For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue:</b>				
Memberships	\$ 71,015	\$ -	\$ -	\$ 71,015
Contributions, grants, contracts	2,657,045	276,199	-	2,933,244
Special events	50,486	-	-	50,486
Merchandise sales	76,081	-	-	76,081
Other earned income	77,940	-	-	77,940
Gain from sale of asset	501,706	-	-	501,706
Investment income (loss)	141	1,811	(349)	1,603
Net asset release from restrictions due to satisfaction of the purpose of restrictions	<u>276,199</u>	<u>(276,199)</u>		<u>-</u>
Total Revenue	3,710,613	1,811	(349)	3,712,075
<b>Expenses:</b>				
Program services	2,555,085	-	-	2,555,085
General and administrative	594,817	-	-	594,817
Fund raising	<u>90,742</u>	<u>-</u>	<u>-</u>	<u>90,742</u>
Total Expenses	<u>3,240,644</u>	<u>-</u>	<u>-</u>	<u>3,240,644</u>
Net increase (decrease) in net assets	469,969	1,811	(349)	471,431
Net assets at beginning of year	<u>3,126,522</u>	<u>329,914</u>	<u>83,491</u>	<u>3,539,927</u>
Net assets at end of year	<u>\$ 3,596,491</u>	<u>\$ 331,725</u>	<u>\$ 83,142</u>	<u>\$ 4,011,358</u>

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

**CENTER FOR COASTAL STUDIES, INC.****Statement of Functional Expenses**

For the Year Ended December 31, 2016

	Program Services	Management & General	Fund Raising	Totals
Salaries and taxes	\$ 1,399,640	\$ 461,214	\$ 57,474	\$ 1,918,328
Employee benefits	138,673	45,696	5,694	190,063
Consulting fees	182,199	13,350	185	195,734
Advertising/promotion	2,567	3,316	934	6,817
Auto expense	4,268	141	-	4,409
Bad debt	-	14,146	-	14,146
Contributions	1,000	700	-	1,700
Cost of merchandise sold	41,243	-	-	41,243
Dues and subscriptions	1,250	2,062	320	3,632
Maintenance and repairs	9,070	-	-	9,070
Insurance	89,327	8,610	-	97,937
Intern housing and stipend	5,435	200	-	5,635
Miscellaneous	9,770	4,341	11,222	25,333
Office supplies and photocopy	6,575	4,466	2,189	13,230
Postage	4,566	3,066	10,648	18,280
Outside printing	1,465	639	13,273	15,377
Program operations	360,445	-	-	360,445
Telephone	15,719	6,095	243	22,057
Travel	14,756	2,322	123	17,201
Training and conferences	59,220	3,290	784	63,294
Utilities	20,424	4,615	315	25,354
Membership premiums	-	-	4,965	4,965
Depreciation	128,518	18,000	-	146,518
Computer expense	16,343	2,716	5,761	24,820
Interest	4,054	-	-	4,054
Rent	14,692	-	-	14,692
Fees and taxes	6,247	8,397	4,785	19,429
Total Expenses	<u>\$ 2,537,466</u>	<u>\$ 607,382</u>	<u>\$ 118,915</u>	<u>\$ 3,263,763</u>

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



**CENTER FOR COASTAL STUDIES, INC.****Statement of Functional Expenses**

For the Year Ended December 31, 2015

	Program Services	Management & General	Fund Raising	Totals
Salaries and taxes	\$ 1,285,438	\$ 398,500	\$ 56,628	\$ 1,740,566
Employee benefits	120,363	56,338	5,308	182,009
Consulting fees	174,618	8,333	-	182,951
Advertising/promotion	2,113	5,165	-	7,278
Auto expense	4,260	-	-	4,260
Bad debt	11,577	-	-	11,577
Contributions	7,586	250	-	7,836
Cost of merchandise sold	35,693	-	-	35,693
Dues and subscriptions	1,313	2,091	1,225	4,629
Maintenance and repairs	8,203	8,511	-	16,714
Insurance	83,179	7,796	-	90,975
Intern housing and stipend	12,475	-	-	12,475
Miscellaneous	13,842	12,663	5,251	31,756
Office supplies and photocopy	28,519	894	-	29,413
Postage	15,373	3,367	3,521	22,261
Outside printing	8,188	388	10,971	19,547
Program operations	417,218	-	-	417,218
Telephone	11,403	8,002	-	19,405
Travel	16,003	3,339	-	19,342
Training and conferences	62,638	3,824	1,849	68,311
Utilities	19,739	8,335	-	28,074
Membership premiums	-	-	2,008	2,008
Depreciation	148,382	18,000	-	166,382
Computer expense	37,084	4,431	3,981	45,496
Interest	5,471	15,093	-	20,564
Rent	14,401	-	-	14,401
Fees and taxes	10,006	29,497	-	39,503
Total Expenses	<u>\$ 2,555,085</u>	<u>\$ 594,817</u>	<u>\$ 90,742</u>	<u>\$ 3,240,644</u>

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

**CENTER FOR COASTAL STUDIES, INC.**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>Cash Flows from Operating Activities:</b>		
Increase in net assets	\$ 932,314	\$ 471,431
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	146,518	166,382
Unrealized (gain)/loss on investments	(7,429)	1,917
(Gain)/ loss on sale of asset	(18,466)	(501,706)
(Increase)/decrease in:		
Inventory	4,954	355
Account receivable	(163,999)	76,664
Prepaid expenses	211	(4,900)
Increase/(decrease) in:		
Accounts payable	251,552	24,238
Accrued expenses	(855)	(2,521)
Net cash provided by operating activities	1,144,800	231,860
<b>Cash Flows from Investing Activities:</b>		
Sale of fixed assets	10,597	1,034,257
Purchases of fixed assets	(1,414,297)	-
Purchases of investments	(4,017)	(141)
Net cash used in investing activities	(1,407,717)	1,034,116
<b>Cash Flows from Financing Activities:</b>		
Proceeds from note/mortgage payables	21,782	-
Payments of notes payable	-	(75,000)
Repayment of long-term debt	(2,476)	(325,923)
Net cash provided by (used in) financing activities	19,306	(400,923)
 Net increase (decrease) in cash and cash equivalents	(243,611)	865,053
Cash and cash equivalents, beginning of year	1,132,769	267,716
Cash and cash equivalents, end of year	\$ 889,158	\$ 1,132,769
 <b>Supplemental Cash Flow Informaion</b>		
Cash expended for interest	\$ 4,054	\$ 20,564

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

**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Organization

Center for Coastal Studies, Inc. (the Center) was formed in 1977 to engage in education, research, conservation and related activities in the coastal marine environment.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services are received from unpaid volunteers assisting the Center in carrying out its exempt purpose. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under ASC No 116.

Fair Value Measurements

Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a three-tier fair value hierarchy, which prioritizes inputs used in measuring fair values. Those tiers include:

Level 1 - Observable inputs such as quoted prices in active markets.

Level 2 - Inputs other than quoted prices in active markets that are either directly or indirectly observable for similar securities, interest rates, prepayment spreads, and credit risk.

Level 3 - Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Fair Value Measurements (continued):

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Center's assessment of the significance of a particular input to the fair value measurement requires judgement, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Tax Exempt Status

The Center is a tax-exempt organization subject to Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Center has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Sections 170(b)(1)(A)(vi).

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents, for purposes of the statement of cash flows, exclude permanently restricted cash and cash equivalents.

Investments

Investments are composed primarily of mutual funds investing in debt and equity securities and are carried at fair value in the statement of financial condition. Interest, dividends and realized gains and losses on sales of investments are included in the statement of activities. Unrealized gains and losses are also included in the statement of activities.

Inventory

Inventory is stated at the lower of cost or market and accounted for on the first in - first out basis and consist of clothing, books, etc.

Compensated Absences

Compensated absences have not been accrued because the amount cannot be reasonably estimated.

**CENTER FOR COASTAL STUDIES, INC.**  
Notes to the Financial Statements  
For the Years Ended December 31, 2016 and 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Accounts Receivable

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance for doubtful accounts was required at December 31, 2016 and 2015. In 2016, the organization used as an exception the direct write off for old uncollectible receivables in amount of \$14,146 to be in compliance with the IRS requirements for reporting taxable revenue in US.

Land, Buildings and Equipment

Land, buildings and equipment are capitalized at cost or fair value on the date donated. It is the Center's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. Buildings and equipment are depreciated using the straight line method.

Advertising

Advertising costs are expensed as incurred. Total advertising costs was \$6,817 and \$7,278 for the years ended December 31, 2016 and 2015, respectively.

Functional Expenses

Expenses are charged directly to program services, management and general or fundraising categories based on specific identification. Indirect expenses have been allocated based on salary expenditures.

Inventory

Inventories are valued at lower of cost or market, with cost determined on the first-in, first-out method. The inventory contains merchandise and was \$9,431 and \$14,385 for the years ended December 31, 2016 and 2015, respectively

**NOTE B - CONCENTRATION OF CREDIT RISK:**

Financial instruments which potentially expose the Center to concentration of credit risk consist primarily of cash and cash equivalents. The Center currently maintains its cash and cash equivalents in bank deposit accounts at two financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) and Depositors Insurance Fund (DIF). No deposits at December 31, 2016 were exposed to custodial credit risk.

The Center's program services are funded primarily by the US Department of Commerce (DOC). The Center received \$736,679 or 18% of the total revenues from this department for the year ended December 31, 2016. Receivables from DOC were \$101,866 or 23% of the total account receivables.

**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to the Financial Statements**  
For the Years Ended December 31, 2016 and 2015

**NOTE C - INVESTMENTS:**

The Center's investments of \$426,301 and \$414,855 are in mutual funds and are accounted for at fair value at December 31, 2016 and 2015, respectively. All investments have been valued at Level 1 in the fair value measurement hierarchy.

Investment income for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Interest and Dividends	\$ 6,040	\$ 3,520
Net Realized Gain (Loss)	22	204
Net Unrealized Gain (Loss) on Investments	7,429	(2,121)
	<u>\$ 13,491</u>	<u>\$ 1,603</u>

**NOTE D - LAND, BUILDINGS, EQUIPMENT and CIP:**

Land, buildings and equipment as of December 31, 2016 and 2015 consisted of the following:

	2016	2015
Land	\$ 499,950	\$ 499,950
Building and improvements	2,034,487	2,034,487
Vehicles and trailers	93,237	54,351
Boat R/V Shearwater	253,472	253,472
Boat R/V Ibis	281,560	281,560
Boat R/V SeaSprite	9,330	9,330
Boat R/V Seaway	10,000	10,000
Boat R/V Marindin	11,220	19,404
Boat R/V Norma C	16,000	-
Equipment	1,167,339	1,137,972
Construction in progress (CIP)	1,338,228	-
	<u>5,714,823</u>	<u>4,300,526</u>
Accumulated depreciation	<u>(2,430,078)</u>	<u>\$ (2,291,429)</u>
Net Land, Buildings and Equipment	<u>\$ 3,284,745</u>	<u>\$ 2,009,097</u>

Depreciation expense for the years ended December 31, 2016 and 2015, was \$146,518 and \$166,382, respectively.

In 2015, the organization sold the building on 115 Bradford Street, Provincetown, MA and realized gain on sale of fixed asset in amount of \$501,706. The cash proceeds from the sale, in combination with money received from MA Cultural Council grant, a capital grant from National Science Foundation and contributions from the Board of Directors were used to start the renovation (CIP) of the Hiebert Lab and Larkin Hall (both at 5 Holway Ave.). The expected renovation budget is \$1.7 million.

**NOTE E - DOCK RIGHTS:**

The Center is the sole shareholder of a corporation that owns dock rights on MacMillan Wharf in Provincetown, Massachusetts. The dock rights are carried on the statement of financial position at \$250,000, the cost of acquiring the corporation's stock.

**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to the Financial Statements**  
For the Years Ended December 31, 2016 and 2015

**NOTE F - LINE OF CREDIT:**

The Center has a line of credit in the amount of \$175,000 with a local financial institution. The line of credit is renewable on an annual basis, must be paid in full for thirty consecutive days in a twelve month period and has an interest rate based on the Wall Street Journal Prime Rate plus one half of a percent. The line is collateralized by all of the Center's business and personal property. Amounts outstanding at December 31, 2016 and 2015, were \$0 and \$0, respectively.

**NOTE G - LOAN PAYABLE:**

In 2016, the Center bought a new truck and financed the purchase by obtaining a loan with Cape Cod Five bank. The note is for four years and is payable in monthly installments of \$570.71, including interest and is collateralized by the new truck. The interest percentage of the loan is fixed at 4.09%. Loan maturities for each of the five years following December 31, 2016 are as follows:

2017		\$	6,070
2018			6,323
2019			6,586
2020			2,803
			<u>21,782</u>
		\$	<u>21,782</u>

**NOTE H - MORTGAGES PAYABLE:**

The Center has mortgage with a local financial institution secured by the Annex building located at 5 Holway Avenue in Provincetown, MA. The Center also had other mortgage that was secured by the Center's administration building located at 115 Bradford Street in Provincetown, MA . The building at 115 Bradford Street was sold at 11/30/2015 and the mortgage balance for that building was paid in full. At December 31, 2016 , the Center's outstanding mortgage balance is as follows:

Mortgage - Seaman's Bank (5 Holway Avenue). Payable in monthly installments of \$447 with interest at 5% per year through August, 2031.		\$	55,360
Mortgages payable			55,360
Less current portion			(2,649)
Long-term mortgages			<u>52,711</u>

Maturities of long-term debt are as follows:

2017		\$	2,649
2018			2,784
2019			2,927
2020			3,076
2021			3,234
Thereafter			40,690
		\$	<u>55,360</u>

**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to the Financial Statements**  
For the Years Ended December 31, 2016 and 2015

**NOTE I - FAIR VALUE MEASUREMENTS:**

Investments are reflected in the financial statements at their estimated fair values as of December 31, 2016:

Asset Category	Carrying Value on Statement of Financial Position	FAS 107 Estimated Fair Value	Assets and Liabilities Measured at Fair Value	Quoted Market Prices for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Observable Inputs Level 3
Investments						
Trading	-	-	-	-	-	-
Mutual Funds	\$ 426,301	\$ 426,301	\$ 426,301	\$ 426,301	-	-

As of December 31, 2015

Asset Category	Carrying Value on Statement of Financial Position	FAS 107 Estimated Fair Value	Assets and Liabilities Measured at Fair Value	Quoted Market Prices for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments						
Trading	-	-	-	-	-	-
Mutual Funds	\$ 414,855	\$ 414,855	\$ 414,855	\$ 414,855	-	-

**NOTE J - RETIREMENT PLAN:**

The Center has established a 403(b) retirement plan for all eligible employees. Under the terms of the plan, employees may make voluntary before-tax contributions, limited to amounts specified by the Internal Revenue Code. The Center's funding policy is to contribute up to 4% of compensation to each covered employee. The percentage is to be determined by the Board of Directors annually. Contributions to the plan were \$53,488 and \$56,338 in 2016 and 2015, respectively.



**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to the Financial Statements**  
For the Years Ended December 31, 2016 and 2015

**NOTE K - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS:**

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following purpose:

	2016	2015
Barbara Mayo Education Fund	\$ 43,759	\$ 40,612
Marine Vessels Fund	279,701	278,796
Operating Reserve Fund	13,196	12,317
	<u>\$ 336,656</u>	<u>\$ 331,725</u>

Permanently restricted net assets at December 31, 2015 and 2014 are available for the following purpose:

	2016	2015
Mayo Endangered Species Fund	\$ 13,957	\$ 13,027
Geise Coastal & Ocean Education Fund	27,370	25,284
Mayo Education Fund	48,273	44,831
	<u>\$ 89,600</u>	<u>\$ 83,142</u>

**NOTE L - SUBSEQUENT EVENTS:**

Management has evaluated events occurring subsequent to the year end through February 18, 2017, the date the financial statements were available to be issued. On February 6, 2017, the Center signed a 25 years mortgage for \$375,000 with Seamen's Bank to refinance the outstanding mortgage balance of the building at 5 Holway Ave. and to bridge the gap between the estimated renovation costs and the revenue secured to complete the renovation project (as described in Note D). For the first 60 months, the interest rate will be 4.25% and the monthly payment will be \$2,044.16, including principal and interest. Thereafter, the interest rate on the note is subject to change based on the changes in the Wall Street Journal Prime Rate plus a margin of 1%. At February 18, 2017, there were no other subsequent events to report.

**CENTER FOR COASTAL STUDIES, INC.**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor /Program Name	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Commerce/NOAA</b>			
Pass Through MA Division of Marine Fisheries Unallied Science Programs	11.472	04-6002-284	\$ 615,642
Pass Through NFWF Satellite Tagging Humpback Whales	11.463		89,307
Pass Through WHOI Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427		6,930
Total Pass Through Programs			<u>711,879</u>
<b>Direct Programs Through NOAA and NPS</b>			
Marine Debris Program	11.999		4,800
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427		20,000
National Park Service Conservation, Protection, Outreach and Education	15.945		123,349
Total Direct Programs			<u>148,149</u>
Total Federal Financial Assistance			<u>\$ 860,028</u>

Type A programs are determined to be the larger of \$750,000 or three (3) percent of total federal awards expended if total awards exceed \$750,000. There were no awards received that were passed through to sub recipients.

Pass-through entity identifying numbers are presented where available.

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (The Schedule) includes the federal grant activity of the Center for Coastal Studies, Inc. under programs of the federal government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Center for Coastal Studies, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center for Coastal Studies, Inc.

**CENTER FOR COASTAL STUDIES, INC.**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2016

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *the Uniform Guidance and OMB Circular A-122, Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C - INDIRECT COST RATE:**

Center for Coastal Studies, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. Instead, Center for Coastal Studies, Inc. has used a negotiated indirect cost rate.