

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

FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

CENTER FOR COASTAL STUDIES, INC.
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For the years ended December 31, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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 March 10, 2020, 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.

Chatham, Massachusetts
March 10, 2020

CENTER FOR COASTAL STUDIES, INC.
Statement of Financial Position
For the years ended December 31, 2019 and 2018

ASSETS

	2019	2018
Current Assets:		
Cash and cash equivalents	\$ 514,298	\$ 483,657
Inventory	24,380	28,202
Investments	202,172	171,872
Accounts receivable	669,763	498,166
Prepaid expenses	91,348	48,409
Total Current Assets	1,501,961	1,230,306
Fixed Assets:		
Land	499,950	499,950
Building and improvements	4,050,234	4,031,248
Equipment	1,983,198	2,025,482
Total Fixed Assets	6,533,382	6,556,680
Accumulated depreciation	(2,650,456)	(2,597,514)
Net Fixed Assets	3,882,926	3,959,166
Other Assets:		
Dock rights	250,000	250,000
Total Other Assets	250,000	250,000
Total Assets	\$ 5,634,887	\$ 5,439,472

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 124,811	\$ 96,247
Accrued expenses	38,591	29,855
Deferred revenue	74,686	127,097
Current portion of capital lease obligations	1,619	14,899
Current portion of long-term debt	12,468	15,351
Total Current Liabilities	252,175	283,449
Long-Term Liabilities:		
Notes payable	-	3,328
Capital lease obligations	-	1,371
Mortgage payable - Seaman's Bank	340,055	348,970
Total Long-Term Liabilities	340,055	353,669
Total Liabilities	592,230	637,118
Net Assets:		
Without donor restrictions	4,843,294	4,638,428
With donor restrictions	199,363	163,926
Total Net Assets	5,042,657	4,802,354
Total Liabilities and Net Assets	\$ 5,634,887	\$ 5,439,472

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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Memberships	\$ 73,211	\$ -	\$ 73,211
Contributions, grants, contracts	3,514,894	163,500	3,678,394
Special events	253,745	-	253,745
In-kind contributions	17,039	-	17,039
Merchandise sales	278,235	-	278,235
Other earned income	26,598	-	26,598
Gain (loss) from sale of assets	-	-	-
Investment income (loss), net	340	35,437	35,777
Net assets released from restrictions	163,500	(163,500)	-
Total Revenue	<u>4,327,562</u>	<u>35,437</u>	<u>4,362,999</u>
Expenses:			
Program services	3,262,146	-	3,262,146
General and administrative	376,403	-	376,403
Fund raising	484,147	-	484,147
Total Expenses	<u>4,122,696</u>	<u>-</u>	<u>4,122,696</u>
Net increase (decrease) in net assets	204,866	35,437	240,303
Net assets at beginning of year	<u>4,638,428</u>	<u>163,926</u>	<u>4,802,354</u>
Net assets at end of year	<u>\$ 4,843,294</u>	<u>\$ 199,363</u>	<u>\$ 5,042,657</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, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Memberships	\$ 72,337	\$ -	\$ 72,337
Contributions, grants, contracts	2,905,280	239,300	3,144,580
Special events	154,155	-	154,155
In-kind contributions	32,573	-	32,573
Merchandise sales	191,825	-	191,825
Other earned income	34,082	-	34,082
Gain (loss) from sale of assets	(17,778)	-	(17,778)
Investment income (loss), net	728	(9,046)	(8,318)
Net assets released from restrictions	407,593	(407,593)	-
Total Revenue	<u>3,780,795</u>	<u>(177,339)</u>	<u>3,603,456</u>
Expenses:			
Program services	2,864,789	-	2,864,789
General and administrative	374,876	-	374,876
Fund raising	415,443	-	415,443
Total Expenses	<u>3,655,108</u>	<u>-</u>	<u>3,655,108</u>
Net increase (decrease) in net assets	125,687	(177,339)	(51,652)
Net assets at beginning of year	<u>4,512,741</u>	<u>341,265</u>	<u>4,854,006</u>
Net assets at end of year	<u>\$ 4,638,428</u>	<u>\$ 163,926</u>	<u>\$ 4,802,354</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, 2019

	Program Services	Management & General	Fund Raising	Totals
Salaries and taxes	\$ 1,797,211	\$ 237,784	\$ 252,852	\$ 2,287,846
Employee benefits	167,953	34,432	38,596	240,981
Consulting fees	170,666	18,066	40,997	229,729
Advertising/promotion	1,913	7,117	10,058	19,088
Auto expense	5,835	-	-	5,835
Bad debt	-	7,288	-	7,288
Contributions	-	100	-	100
Cost of merchandise sold	169,044	-	-	169,044
Dues and subscriptions	2,141	3,412	2,150	7,703
Maintenance and repairs	18,126	2,642	-	20,769
Insurance	112,981	4,677	2,893	120,551
Intern housing and stipend	34,734	-	-	34,734
Miscellaneous	33,870	6,373	78,336	118,579
Office supplies and photocopy	9,146	2,510	260	11,917
Postage	11,596	1,119	9,014	21,729
Outside printing	3,923	2,202	27,237	33,362
Program operations	353,895	115	206	354,215
Telephone	21,607	450	577	22,634
Travel	12,352	1,443	573	14,367
Training and conferences	41,762	4,240	200	46,201
Utilities	27,514	2,481	3,181	33,176
Membership premiums	2,111	136	936	3,182
Depreciation	196,243	13,614	-	209,857
Computer expense	23,421	4,626	6,732	34,779
Interest	15,675	1,335	1,636	18,646
Rent	12,400	-	-	12,400
Legal	6,695	18,062	-	24,757
Fees and taxes	9,334	2,178	7,713	19,225
Total Expenses	<u>\$ 3,262,146</u>	<u>\$ 376,403</u>	<u>\$ 484,147</u>	<u>\$ 4,122,696</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, 2018

	Program Services	Management & General	Fund Raising	Totals
Salaries and taxes	\$ 1,528,554	\$ 272,971	\$ 250,961	\$ 2,052,486
Employee benefits	158,185	30,661	31,779	220,625
Consulting fees	175,599	11,350	2,694	189,643
Advertising/promotion	4,123	4,731	2,565	11,419
Auto expense	4,450	-	-	4,450
Bad debt	37,101	-	-	37,101
Contributions	100	1,395	-	1,495
Cost of merchandise sold	115,507	-	-	115,507
Dues and subscriptions	1,280	3,256	3,630	8,166
Maintenance and repairs	14,735	1,138	-	15,873
Insurance	97,095	4,198	2,507	103,800
Intern housing and stipend	22,571	-	6,000	28,571
Miscellaneous	18,576	1,821	57,120	77,517
Office supplies and photocopy	8,186	3,082	484	11,752
Postage	7,193	3,621	6,495	17,309
Outside printing	2,791	430	23,125	26,346
Program operations	336,399	180	-	336,579
Telephone	14,481	7,261	-	21,742
Travel	9,505	345	100	9,950
Training and conferences	34,722	2,334	256	37,312
Utilities	26,766	3,660	3,528	33,954
Membership premiums	1,089	654	5,027	6,770
Depreciation	194,949	12,496	-	207,445
Computer expense	9,218	4,472	5,595	19,285
Interest	22,115	2,090	1,993	26,198
Rent	11,000	-	-	11,000
Fees and taxes	8,499	2,730	11,584	22,813
Total Expenses	<u>\$ 2,864,789</u>	<u>\$ 374,876</u>	<u>\$ 415,443</u>	<u>\$ 3,655,108</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, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
(Decrease)/Increase in net assets	\$ 240,303	\$ (51,652)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	209,857	207,445
Donated securities	(23,874)	(19,938)
Net Realized and Unrealized (gain)/loss on investments	(31,133)	12,726
(Increase)/decrease in:		
Inventory	3,822	(18,344)
Account receivable	(171,597)	(123,562)
Prepaid expenses	(42,939)	(44,390)
Increase/(decrease) in:		
Accounts payable	28,564	(15,270)
Deferred revenue	(52,411)	127,097
Accrued expenses	8,736	(4,157)
Net cash provided by operating activities	169,328	69,955
Cash Flows from Investing Activities:		
Purchases of fixed assets	(133,617)	(308,250)
Purchases of investments	-	(14,012)
Sale of investments	24,707	21,000
Net cash used in investing activities	(108,910)	(301,262)
Cash Flows from Financing Activities:		
Capital lease liability	(14,651)	16,270
Payments of notes and mortgage payable	(15,126)	(15,901)
Net cash provided by financing activities	(29,777)	369
Net increase /(decrease) in cash and cash equivalents	30,641	(230,938)
Cash and cash equivalents, beginning of year	483,657	714,595
Cash and cash equivalents, end of year	\$ 514,298	\$ 483,657
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 18,646	\$ 26,198
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Purchase of investments from receipt of donated stock	\$ 23,874	\$ 19,938
Equipment financed through capital lease arrangement	36,813	36,813
	\$ 60,687	\$ 56,751

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, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies followed by Center for Coastal Studies, Inc. are described below to enhance the usefulness of the financial statements to the reader.

Nature of Activities

Center for Coastal Studies, Inc. (the Center) was formed in 1977 to engage in public education, scientific marine research, and policy to protect and conserve coastal and ocean resources.

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 (US GAAP).

Net Assets

The Center's net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Center reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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.

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

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

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Center groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 - Other observable inputs, either directly or indirectly, including: quoted prices for similar assets/liabilities in active markets; quoted prices for identical or similar assets in non-active markets; inputs other than quoted prices that are observable for the asset/liability; and, inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

Recurring Fair Value Measurements

The following section describes the valuation methodologies used by the Center to measure financial assets and liabilities at fair value on a recurring basis:

Investments in Securities: Unadjusted quoted market prices are used to determine the fair value of investment securities, and they are included in Level 1. Level 1 securities primarily include publicly traded equity and debt securities. Details of the investments are discussed in Note B.

Nonrecurring Fair Value Measurements

Certain assets are measured at fair value on a nonrecurring basis. These assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs. The Center had no assets or liabilities measured at fair value on a non-recurring basis as of December 31, 2019 and 2018.

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).

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

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

Cash and Cash Equivalents

The Center's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Gift Shop Inventory

Inventory comprises program-related merchandise held for sale in the gift shop and is stated at the lower of cost or market determined by the first-in first-out method.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on a history of past write-offs and collections and current credit conditions. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2019 and 2018, management has determined that any allowances would be immaterial and the entire accounts receivable balance is expected to be collected in one year or less.

Land, Property and Equipment

Land, property and equipment are recorded at cost or, if donated, fair value on the date of receipt. The Center's capitalization policy is to capitalize fixed assets in excess of \$500. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities, are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the Statement of Activities.

The Center computes depreciation using the straight-line method over the following estimated lives:

Equipment	5-10 years
Buildings	5-39 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes, or another indicator or possible impairment, is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

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

Advertising

Advertising costs are expensed as incurred. Total advertising costs were \$9,088 and \$11,419 for the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged directly to program services, management and general or fundraising categories based on specific identification. Indirect expenses have been allocated based on average number of employees.

Compensated Absences

Compensated absences other than vacation time has not been accrued because the amount cannot be reasonably estimated.

Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Center and promoting special events. Fundraising expenses as a percentage of the total contribution and special event revenue was 12% and 13%, for the years ended December 31, 2019 and 2018, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

Special events

The Center has determined that special events are incidental to its operations. The direct costs of benefit to the donors is reported with fundraising expense and is not included with special events revenue.

Donated services, facilities and materials

Donated services, facilities and materials are recorded at fair value. Donated services that (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated are recorded as contributions in the financial statements. Donated services such as fundraising, clerical assistance or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

The Center received services, facilities and materials of \$76,510 and \$51,763 for the years ended December 31, 2019 and 2018, respectively. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as in-kind contributions, special events revenue, program services and fund raising expenses on the accompanying statements of activities and statements of functional expenses.

NOTE B - INVESTMENTS:

Investments are valued at fair value using Level 1 inputs, unadjusted quoted prices in active markets. The Center's investments are comprised of open-end mutual funds. The fair value of the investments was \$202,172 and \$171,872 for the years ended December 31, 2019 and 2018.

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

NOTE B - INVESTMENTS (continued):

Investment income consists of the following for the years ended December 31, 2019 and 2018:

	2019	2018
Interest and Dividends	\$ 4,644	\$ 4,408
Net Realized and Unrealized Gain (Loss) on Investments	31,133	(12,726)
	<u>\$ 35,777</u>	<u>\$ (8,318)</u>

NOTE C - LAND, BUILDINGS, EQUIPMENT:

Land, buildings and equipment for the years ended December 31, 2019 and 2018 consisted of the following:

	2019	2018
Land	\$ 499,950	\$ 499,950
Building and improvements	4,050,233	4,031,248
Vehicles and trailers	65,478	93,237
Boat R/V Shearwater	467,315	474,201
Boat R/V Ibis	251,282	316,395
Boat R/V SeaSprite	9,330	9,330
Boat R/V Seaway	10,000	10,000
Boat R/V Marindin	42,225	42,225
Boat R/V Mckee craft	5,200	4,500
Boat Pontoon	21,833	-
Equipment	1,110,536	1,075,594
	<u>6,533,382</u>	<u>6,556,680</u>
Accumulated depreciation	<u>(2,650,456)</u>	<u>(2,597,514)</u>
Net Land, Buildings and Equipment	<u>\$ 3,882,926</u>	<u>\$ 3,959,166</u>

Depreciation expense for the years ended December 31, 2019 and 2018 respectively was \$209,857 and \$207,445.

NOTE D - CONCENTRATION OF CREDIT RISK:

The Center maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, certain accounts are insured by the Depositors Insurance Fund (DIF). The DIF is a private industry-sponsored insurance fund that insures all deposits above the FDIC limits at Massachusetts chartered savings banks. At times balances not covered by DIF may exceed FDIC insured limits; however, the Center has not experienced any losses. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2019 and 2018.

The Center's program services are funded significantly by the US Department of Commerce (DOC) . The Center received \$773,508 or 18% of its total revenues from this department for the year ended December 31, 2019 and \$683,651 or 19% of its total revenues from this department for the year ended December 31, 2018. Receivables from DOC were \$64,762 or 10% of the total accounts receivable balance for the year ended December 31, 2019 and \$124,341 or 25% of the total accounts receivable balance for the year ended December 31, 2018.

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

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.

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 property. The outstanding balance was zero at December 31, 2019 and 2018.

NOTE G - NOTES PAYABLE:

In 2016, the Center bought a new truck and financed the purchase by obtaining a loan with Cape Cod Five Cents Savings 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%. Note maturities for each of the years following December 31, 2019 are as follows:

December 31, 2020	Amount 2,762
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NOTE H - RETIREMENT PLAN:

The Center has established a tax-deferred 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. Employer contributions are discretionary and are determined and authorized by the Board of Directors each plan year. The Center matched employee voluntary contributions up to 4%, resulting in contributions to the plan of \$56,728 for the year ended December 31, 2019 and up to 4%, resulting in contributions to the plan of \$54,416 for the year ended December 31, 2018.

NOTE I - MORTGAGE PAYABLE:

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 renovation costs and the revenue secured to complete the renovation of the building. 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 December 31, 2019, the Center's outstanding mortgage balance is as follows:

Mortgage - Seaman's Bank (5 Holway Avenue). Payable in monthly installments of \$2,044.16 with interest at 4.25% per year through March 6, 2022, thereafter a variable interest rate will be applied.	\$ 349,761
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CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

NOTE I - MORTGAGE PAYABLE:

Mortgages payable	349,761
Less current portion	(9,706)
Long-term mortgages	<u>\$ 340,055</u>

Maturities of mortgage debt for the next five years are as follows:

<u>Years ending December 31,</u>	
2020	\$ 9,706
2021	10,127
2022	10,566
2023	11,024
2024	11,502
Thereafter	296,836
	<u>\$ 349,761</u>

NOTE J - LEASES:

The Center leases equipment under various capital leases expiring at various dates through 2020. Future minimum lease payments are as follows:

<u>Years ending December 31,</u>	<u>Capital leases</u>
2020	\$ 1,858
Total minimum lease payments	1,858
Less amount representing interest	(239)
	<u>\$ 1,619</u>

Leased property under capital leases at December 31, 2019 includes the following:

Dell server	\$ 25,015
Phone system	11,798
	<u>\$ 36,813</u>

NOTE K - LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 514,298	\$ 483,657
Accounts receivables	669,763	498,166
Investments	202,172	171,872
Total Financial assets	<u>1,386,233</u>	<u>1,153,695</u>

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

NOTE K - LIQUIDITY AND AVAILABILITY (continued):

Less amounts not available to be used within one year:

Net assets with donor restrictions	199,363	163,926
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Financial assets available to meet general expenditures over the next twelve months	\$ 1,186,870	\$ 989,769
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The Center is supported by restricted contributions. Because a donor's restriction requires resources to be used in particular manner or in a future periods, the Center maintains sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditures within one year. As part of the Center's liquidity management, it has a policy to structure its assets to be available as its general expenditures, liabilities, and other obligations come due.

The Center's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1,000,000 based on actual expenditures). As part of its liquidity plan, excess cash is invested in short-term investments, money market accounts and certificates of deposit. The Center has a \$175,000 line of credit available to meet cash flow needs. The Center operates with a balanced budget and anticipates collecting sufficient revenue to cover short term general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Center's cash.

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes or periods.

	2019	2018
Subject to expenditure for specified purpose:		
Barbara Mayo Education Fund	\$ 58,986	\$ 48,218
Marine Vessels Fund	2,531	2,525
Operating Reserve Fund	17,232	14,436
	78,749	65,179

Subject to spending policy and appropriation:

Investments in perpetuity including amounts above original gifts (principal can not be spent).

If income is not appropriated, it is added to the original gift. Income restricted by donors for:

Mayo Endangered Species Fund	18,225	15,268
Giese Coastal & Ocean Education Fund	37,393	30,307
Mayo Education Fund	64,996	53,172
	120,614	98,747

Total Net assets with donor restrictions	\$ 199,363	\$ 163,926
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2019 and 2018:

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS: (Continued)

Satisfaction of purpose restrictions:	2019	2018
Marine Vessels Fund	\$ -	\$ 168,293
Educational and research programs	163,500	239,300
Total Net assets released from restrictions	\$ 163,500	\$ 407,593

NOTE M- SUBSEQUENT EVENTS:

Management has evaluated events occurring subsequent to the year end through March 10, 2020, the date the financial statements were available to be issued. No material subsequent events have occurred as of March 10, 2020 that required recognition or disclosure in these financial statements.

CENTER FOR COASTAL STUDIES, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor /Program Name	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Commerce / NOAA			
Pass Through MA Division of Marine Fisheries Unallied Science Programs	11.472	04-6002-284	\$ 589,941
U.S. Department of Commerce / NOAA			
Pass Through National Fish and Wildlife Foundation Unallied Science Programs	11.472	N/A	59,904
U.S. Department of Commerce / NOAA			
Pass Through National Marine Sanctuary Foundation Unallied Science Programs	11.472	N/A	8,997
U.S. Department of Commerce / NOAA			
Pass Through Woods Hole Oceanographic Institution Marine Mammal Data Program	11.439	N/A	3,000
U.S. Department of Defense / ONR			
Pass Through Oregon State University Basic and Applied Scientific Research	12.300	N00014-18-2808	34,000
Total Pass Through Programs			<u>695,842</u>
Direct Programs Through U.S. Department of Commerce / NOAA			
Marine Debris Program	11.999		111,666
Direct Programs Through U.S. Environmental Protection Agency			
Office of Research and Development Consolidated Research/Training/Fellowships	66.511		2,000
Direct Programs Through U.S. Department of Interior / NPS			
National Park Service Conservation, Protection, Outreach and Education	15.954		107,834
Total Direct Programs			<u>221,500</u>
Total Federal Financial Assistance			<u>\$ 917,342</u>

CENTER FOR COASTAL STUDIES, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

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, 2019. 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.

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.

CENTER FOR COASTAL STUDIES, INC.
Summary Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended December 31, 2019

DEPARTMENT OF COMMERCE/NOAA:

Finding No: NO PRIOR PERIOD FINDINGS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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 Comptroller General of the United States, the financial statements of the Center for Coastal Studies, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 10, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center for Coastal Studies, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center for Coastal Studies, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Center for Coastal Studies, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center for Coastal Studies, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chatham, Massachusetts
March 10, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Center for Coastal Studies, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Center for Coastal Studies, Inc.'s major federal programs for the year ended December 31, 2019. The Center for Coastal Studies, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Center for Coastal Studies, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Center for Coastal Studies Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Center for Coastal Studies, Inc.'s compliance.

Opinion of Each Major Federal Program

In our opinion, Center for Coastal Studies, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Center for Coastal Studies, Inc., is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center for Coastal Studies, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center for Coastal Studies, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chatham, Massachusetts
March 10, 2020

CENTER FOR COASTAL STUDIES, INC.
Statement of Findings and Questioned Costs
For the Year Ended December 31, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiencies identified not considered to be material weaknesses? ___ yes X None Reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiencies identified not considered to be material weaknesses? ___ yes X None Reported

Type of auditor's report issued on compliance with major programs: Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ___ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.472	Unallied Science Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified for low-risk auditee: X yes ___ no

SECTION II - FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

None Reported

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Reported