

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

FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

CENTER FOR COASTAL STUDIES, INC.
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For the years ended December 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years 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 April 9, 2021, 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
April 9, 2021

CENTER FOR COASTAL STUDIES, INC.

Statements of Financial Position

For the years ended December 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and cash equivalents	\$ 823,086	\$ 514,298
Inventory	24,497	24,380
Investments	166,081	202,172
Accounts receivable	641,339	669,763
Prepaid expenses	76,869	91,348
Total Current Assets	<u>1,731,871</u>	<u>1,501,961</u>
Fixed Assets:		
Land	499,950	499,950
Building and improvements	4,058,819	4,050,234
Equipment	2,062,708	1,983,198
Total Fixed Assets	<u>6,621,476</u>	<u>6,533,381</u>
Accumulated depreciation	<u>(2,833,829)</u>	<u>(2,650,456)</u>
Net Fixed Assets	<u>3,787,647</u>	<u>3,882,926</u>
Other Assets:		
Beneficial interest in assets held by community foundation	10,000	-
Dock rights	250,000	250,000
Total Other Assets	<u>260,000</u>	<u>250,000</u>
Total Assets	<u>\$ 5,779,519</u>	<u>\$ 5,634,887</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 188,801	\$ 124,811
Accrued expenses	44,230	38,591
Deferred revenue	44,056	74,686
Current portion of capital lease obligations	-	1,619
Current portion of long-term debt	10,127	12,468
Total Current Liabilities	<u>287,214</u>	<u>252,175</u>
Long-Term Liabilities:		
Mortgage payable - Seaman's Bank	330,028	340,055
Total Long-Term Liabilities	<u>330,028</u>	<u>340,055</u>
Total Liabilities	<u>617,242</u>	<u>592,230</u>
Net Assets:		
Without donor restrictions	4,962,728	4,843,294
With donor restrictions	199,549	199,363
Total Net Assets	<u>5,162,277</u>	<u>5,042,657</u>
Total Liabilities and Net Assets	<u>\$ 5,779,519</u>	<u>\$ 5,634,887</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, support and gains (losses):			
Contributions, grants, contracts	\$ 3,829,055	\$ 188,448	\$ 4,017,503
Special events, net of expenses of \$156,411	255,844	-	255,844
In-kind contributions	14,555	-	14,555
Merchandise sales	58,172	-	58,172
Other earned income	5,842	-	5,842
Gain (loss) from sale of assets	(3,935)	-	(3,935)
Investment income (loss), net	882	(42,612)	(41,730)
Net assets released from restrictions	145,650	(145,650)	-
	<u>4,306,066</u>	<u>186</u>	<u>4,306,252</u>
Total revenue, support and gains (losses)			
	4,306,066	186	4,306,252
Expenses:			
Program services	3,357,853	-	3,357,853
General and administrative	348,511	-	348,511
Fund raising	480,267	-	480,267
	<u>4,186,631</u>	<u>-</u>	<u>4,186,631</u>
Total expenses			
	4,186,631	-	4,186,631
Change in net assets	119,434	186	119,620
Net assets at beginning of year	4,843,294	199,363	5,042,657
Net assets at end of year	<u>\$ 4,962,728</u>	<u>\$ 199,549</u>	<u>\$ 5,162,277</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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, support and gains (losses):			
Contributions, grants, contracts	\$ 3,588,105	\$ 163,500	\$ 3,751,605
Special events, net of expenses of \$129,843	123,900	-	123,900
In-kind contributions	17,040	-	17,040
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, support and gains (losses)	<u>4,197,718</u>	<u>35,437</u>	<u>4,233,155</u>
 Expenses:			
Program services	3,219,948	-	3,219,948
General and administrative	376,403	-	376,403
Fund raising	396,501	-	396,501
Total Expenses	<u>3,992,853</u>	<u>-</u>	<u>3,992,853</u>
 Change 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 Functional Expenses

For the Year Ended December 31, 2020

	Program Services	Management & General	Fund Raising	Totals
Salaries and taxes	\$ 2,007,523	\$ 230,287	\$ 287,723	\$ 2,525,533
Employee benefits	139,665	47,625	69,881	257,171
Consulting fees	274,290	15,818	43,950	334,058
Advertising/promotion	341	3,673	10	4,024
Auto expense	4,089	-	-	4,089
Contributions	-	1,365	-	1,365
Cost of merchandise sold	43,431	-	-	43,431
Dues and subscriptions	1,126	2,218	2,000	5,344
Maintenance and repairs	15,900	1,982	-	17,882
Insurance	123,886	5,448	3,123	132,457
Intern housing and stipend	41,825	-	-	41,825
Miscellaneous	50	2,942	-	2,992
Office supplies and photocopy	6,024	2,711	1,002	9,737
Postage	16,039	838	13,273	30,149
Outside printing	8,611	277	40,008	48,896
Program operations	334,029	230	498	334,757
Telephone	18,659	522	613	19,794
Travel	16,763	-	3,275	20,038
Training and conferences	7,377	-	383	7,760
Utilities	26,421	2,245	2,731	31,397
Membership premiums	636	-	1,424	2,060
Depreciation	204,655	14,286	-	218,941
Computer expense	35,238	6,169	7,943	49,350
Interest	12,711	5,218	1,322	19,251
Rent	10,923	-	-	10,923
Legal	2,414	2,510	-	4,924
Fees and taxes	5,229	2,147	1,109	8,485
Total Expenses	<u>\$ 3,357,853</u>	<u>\$ 348,511</u>	<u>\$ 480,267</u>	<u>\$ 4,186,631</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	25	9,055
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	11,047	-	-	11,047
Miscellaneous	15,359	6,373	6,475	28,207
Office supplies and photocopy	9,146	2,510	260	11,917
Postage	11,596	1,119	8,794	21,509
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	2,181	13,693
Total Expenses	<u>\$ 3,219,948</u>	<u>\$ 376,403</u>	<u>\$ 396,501</u>	<u>\$ 3,992,853</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, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Change in net assets	\$ 119,620	\$ 240,303
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	218,941	209,857
Donated securities	(61,693)	(23,874)
Net realized and unrealized (gain)/loss on investments	(42,612)	(31,133)
(Increase)/decrease in:		
Inventory	(117)	3,822
Account receivable	28,425	(171,597)
Prepaid expenses	14,479	(42,939)
Increase/(decrease) in:		
Accounts payable	63,990	28,564
Deferred revenue	(30,630)	(52,411)
Accrued expenses	5,640	8,736
Net cash provided by operating activities	316,042	169,328
Cash Flows from Investing Activities:		
Purchases of property and equipment	(127,597)	(133,617)
Sales of property and equipment	3,935	-
(Addition to) withdrawal from assets held in community foundation	(10,000)	-
Sales of investments	140,396	24,707
Net cash provided by (used in) investing activities	6,734	(108,910)
Cash Flows from Financing Activities:		
Capital lease payments	(1,619)	(14,651)
Payments of notes and mortgage payable	(12,368)	(15,126)
Net cash used in financing activities	(13,988)	(29,777)
Net change in cash and cash equivalents	308,788	30,641
Cash and cash equivalents, beginning of year	514,298	483,657
Cash and cash equivalents, end of year	\$ 823,086	\$ 514,298
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 19,251	\$ 18,646
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Purchase of investments from receipt of donated stock	\$ 61,693	\$ 23,874
Equipment financed through capital lease arrangement	36,813	36,813
	\$ 98,506	\$ 60,687

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, 2020 and 2019

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 donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions 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

Merchandise sales are recognized at the time of purchase. Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Center recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Center recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. All goods and services are transferred at a point in time.

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

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

Revenue Recognition

The Center recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Center's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under the Center's federal and state contracts and grants.

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.

Fair Value Measurements

The Center reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, 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 asset 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 based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

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

Fair Value Measurements

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of the Center's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The fair value of the beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. This is considered to be Level 3 measurements.

Beneficial Interest in Assets Held by Community Foundation

During 2020, the Center established an endowment fund that is perpetual in nature (the fund) under a community foundation's (the CF) Non-Profit Endowment Program and named the Center as beneficiary. The Center granted variance power to the CF, which allows the CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the CF for the Center's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

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).

Merchandise Inventory

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

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.

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

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.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances and consist primarily of noninterest-bearing amounts due from cost reimbursable contracts. 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, 2020 and 2019, 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.

Property and Equipment

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 assets in excess of \$1,000. 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
Building and improvements	39 years

The Center reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2020 and 2019.

Advertising

Advertising costs are expensed as incurred. Total advertising costs were \$4,024 and \$9,088 for the years ended December 31, 2020 and 2019, respectively.

Compensated Absences

Compensated absences other than vacation time 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, 2020 and 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued):

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.

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 11% and 12%, for the years ended December 31, 2020 and 2019, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Center's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Center records donated professional services at the respective fair values of the services received.

The Center received services, facilities and materials of \$91,041 and \$76,510 for the years ended December 31, 2020 and 2019, 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 AND FAIR VALUE DISCLOSURES:

The following table presents assets measured at fair value on a recurring basis at December 31, 2020:

	Total	Quoted Prices in Act. Markets for identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds	\$ 166,081	\$ 166,081	\$ -	\$ -
Beneficial interest in assets held by community foundation	10,000	-	-	10,000
	<u>\$ 176,081</u>	<u>\$ 166,081</u>	<u>\$ -</u>	<u>\$ 10,000</u>

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

NOTE B - INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued):

The following table presents assets measured at fair value on a recurring basis at December 31, 2019:

	Total	Quoted Prices in Act. Markets for identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds	\$ 202,172	\$ 202,172	\$ -	\$ -
Beneficial interest in assets held by community foundation	-	-	-	-
	<u>\$ 202,172</u>	<u>\$ 202,172</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2020 and 2019:

Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
Beneficial Interest in Assets Held by Community Foundation	
Year ended December 31, 2020	
Balance at December 31, 2019	\$ -
Purchases/contributions of investments	10,000
Investment return, net	-
Distributions	-
Balance at December 31, 2020	<u>\$ 10,000</u>
Year ended December 31, 2018	
Balance at December 31, 2018	\$ -
Purchases/contributions of investments	-
Investment return, net	-
Distributions	-
Balance at December 31, 2019	<u>\$ -</u>

Investment income consists of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and Dividends	\$ 882	\$ 4,644
Net Realized and Unrealized Gain (Loss) on Investments	(42,612)	31,133
	<u>\$ (41,730)</u>	<u>\$ 35,777</u>

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

NOTE C - LAND, BUILDINGS, EQUIPMENT

	2020	2019
Land	\$ 499,950	\$ 499,950
Building and improvements	4,058,819	4,050,234
Vehicles and trailers	70,168	65,478
Boat R/V Shearwater	467,315	467,315
Boat R/V Ibis	251,282	251,282
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
Boat Pontoon	21,833	21,833
Equipment	1,190,555	1,110,535
	<u>6,621,476</u>	<u>6,533,381</u>
Accumulated depreciation	<u>(2,833,829)</u>	<u>(2,650,456)</u>
Net Land, Buildings and Equipment	<u>\$ 3,787,647</u>	<u>\$ 3,882,926</u>

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, 2020 and 2019.

The Center's program services are funded significantly by the US Department of Commerce (DOC) . The Center received \$865,145 or 20% of its total revenues from this department for the year ended December 31, 2020 and \$773,508 or 18% of its total revenues from this department for the year ended December 31, 2019. Receivables from DOC were \$126,526 or 20% of the total accounts receivable balance for the year ended December 31, 2020 and \$64,762 or 10% of the total accounts receivable balance for the year ended December 31, 2019.

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, 2020 and 2019

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, 2020 and 2019.

NOTE G - 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. Employees may begin contributing a percentage of their gross income beginning one month after hire. The Center makes contributions to the employee's account, matching up to 100% of a 3% contribution, and 50% of the 3-5% contribution. The Center contributed to the plan \$66,480 and \$56,728 for the years ended December 31, 2020 and 2019, respectively.

NOTE H - MORTGAGE PAYABLE:

On February 6, 2017, the Center signed a 25 years mortgage for \$375,000 with Seaman'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:

Seaman's Bank Mortgage (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.

\$ 340,155

Mortgages payable	340,155
Less current portion	(10,127)
Long-term mortgages	<u>\$ 330,028</u>

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

<u>Years ending December 31,</u>	
2021	\$ 10,127
2022	10,566
2023	11,024
2024	11,502
2025	12,000
Thereafter	284,936
	<u>\$ 340,155</u>

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

NOTE I - LEASES:

The Center leases equipment under various capital leases that expired in 2020.

Leased property under capital leases at December 31, 2020 includes the following:

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

NOTE J - 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>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 823,086	\$ 514,298
Accounts receivables	641,339	669,763
Investments	166,081	202,172
Total Financial assets	<u>1,630,505</u>	<u>1,386,233</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>199,549</u>	<u>199,363</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,430,956</u>	<u>\$ 1,186,870</u>

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.

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS:

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

Subject to expenditure for specified purpose:	2020	2019
Barbara Mayo Education Fund	\$ 45,743	\$ 58,986
Marine Vessels Fund	18,664	2,531
Operating Reserve Fund	13,900	17,232
Educational and research programs	17,500	-
Mayo Endangered Species Fund	14,700	18,225
Giese Coastal & Ocean Education Fund	28,557	37,393
Mayo Education Fund	50,485	64,996
	<u>189,549</u>	<u>199,363</u>
Perpetual in nature, not subject to spending policy or appropriations:		
Beneficial interest in assets held by community foundation	<u>10,000</u>	<u>-</u>
Total Net Assets with donor restrictions	<u>\$ 199,549</u>	<u>\$ 199,363</u>

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:

Satisfaction of purpose restrictions:	2020	2019
Marine Vessels Fund	\$ -	\$ -
Educational and research programs	<u>145,650</u>	<u>163,500</u>
Total Net Assets released from restrictions	<u>\$ 145,650</u>	<u>\$ 163,500</u>

NOTE L- SBA PAYROLL PROTECTION PROGRAM FORGIVEABLE LOAN:

Congress established the Payroll Protection Program (PPP) to provide relief for small businesses during the coronavirus pandemic as part of the \$2 trillion Coronavirus Aid Relief, and Economic Security (CARES) Act, P.L. 116-136. The legislation authorized Treasury to use the SBA's 7(a) small business lending program to fund loans of up to \$10 million per borrower that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities.

The Center on April 3, 2020 received \$382,700 under the PPP Loan Program that was officially forgiven on December 7, 2020. As a result the entire loan amount and interest of \$2,562 has been recognized as revenue and the comparable expenses have been stated in these financial statements.

NOTE M- REVENUE FROM CONTRACTS WITH CUSTOMERS:

Deferred revenue represents amounts received in advanced under various research contracts with universities and government agencies. The following table provides information about significant changes in deferred revenue for the years ended December 31, 2020 and 2019.

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

NOTE M- REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued):

	2020	2019
Deferred revenue, beginning of year	\$ 74,686	\$ 127,097
Revenue recognized that was included in deferred revenue at the beginning of year	(74,686)	(127,097)
Increases in deferred revenue due to cash received during the year	44,056	74,686
Deferred revenue, end of year	<u>\$ 44,056</u>	<u>\$ 74,686</u>

NOTE N- SUBSEQUENT EVENTS:

The Center has evaluated subsequent events through April 9, 2021, the date which the financial statements were available to be issued. Management is currently evaluating the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Center's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

CENTER FOR COASTAL STUDIES, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

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	\$ 576,558
U.S. Department of Defense			
Pass Through University of St. Andrews, Scotland Basic and Applied Scientific Research	12.300		820
U.S. Environmental Protection Agency			
Pass Through Barnstable County/Cape Cod Commission Southeast New England Coastal Watershed Restoration Program	66.129	01-69-14936	4,545
U.S. Department of Commerce / NOAA			
Pass Through Woods Hole Oceanographic Institution Marine Mammal Data Program	11.439		103,693
U.S. Department of Defense / ONR			
Pass Through Oregon State University Basic and Applied Scientific Research	12.300	N0344A-A	2,711
Total Pass Through Programs			<u>688,327</u>
Direct Programs Through U.S. Department of Commerce / NOAA			
Marine Debris Program	11.999		10,398
Direct Programs U.S. Department of Commerce / NOAA			
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432		108,582
Direct Programs Through U.S. Department of Commerce / NOAA			
Environmental & Economic Resiliency Strategies	11.307		65,914
Direct Programs Through U.S. Department of Defense / ONR			
Monitoring Humpback Whales	12.300	N00014-20-1-2652	57,182