

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

FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

CENTER FOR COASTAL STUDIES, INC.
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For the years ended December 31, 2022 and 2021

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Center for Coastal Studies, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Coastal Studies, Inc., as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit 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 Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center for Coastal Studies, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Center for Coastal Studies, Inc.'s internal control. Accordingly, no such opinion is expressed.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise
- substantial doubt about Center for Coastal Studies, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary 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 June 5, 2023 on our consideration of 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 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 Center for Coastal Studies, Inc.'s internal control over financial reporting and compliance.

Sanders, Walsh & Eaton, CPAs, LLC

Chatham, Massachusetts
June 5, 2023

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

At December 31, 2022 and 2021

ASSETS		2022	2021
Current Assets:			
Cash and cash equivalents	\$	690,831	\$ 1,112,913
Inventory, net		15,448	12,703
Operating investments		406,048	300,872
Accounts receivable, net		1,007,471	770,341
Prepaid expenses		94,748	58,824
Total Current Assets		<u>2,214,545</u>	<u>2,255,652</u>
Noncurrent Assets:			
Property and equipment, net		3,756,313	3,754,712
Beneficial interest in assets held by community foundation		11,230	13,295
Endowment investments		1,082,393	-
Dock rights		250,000	250,000
Total Noncurrent Assets		<u>5,099,937</u>	<u>4,018,007</u>
Total Assets	\$	<u><u>7,314,481</u></u>	<u><u>\$ 6,273,659</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$	226,115	\$ 201,753
Accrued expenses		123,273	39,269
Deferred revenue		66,630	105,206
Current portion of long-term debt		11,204	10,566
Total Current Liabilities		<u>427,222</u>	<u>356,795</u>
Long-Term Liabilities:			
Long-term debt, less current portion		309,068	318,682
Total Long-Term Liabilities		<u>309,068</u>	<u>318,682</u>
Total Liabilities		<u>736,290</u>	<u>675,477</u>
Net Assets:			
Without donor restrictions		5,204,582	5,292,010
With donor restrictions		1,373,612	306,173
Total Net Assets		<u>6,578,194</u>	<u>5,598,183</u>
Total Liabilities and Net Assets	\$	<u><u>7,314,481</u></u>	<u><u>\$ 6,273,659</u></u>

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

CENTER FOR COASTAL STUDIES, INC.

Statement of Activities

For the year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, support and gains (losses):			
Contributions	\$ 1,564,373	1,119,347	\$ 2,683,720
Federal and state contracts and grants	3,081,108	126,600	3,207,708
Gross special events revenue, including \$173,411 of in kind contributions,	489,804	-	489,804
Less cost of direct benefits to donors	<u>(236,883)</u>		<u>(236,883)</u>
Net special event revenue	252,921		252,921
In-kind contributions	127,059	-	127,059
Merchandise sales, less \$44,584 of COGS	48,562	-	48,562
Other revenue	17,148	-	17,148
Gain (loss) from sale of assets	(32,013)	-	(32,013)
Distributions from and change in value of beneficial interest in assets held by community foundation	-	2,065	2,065
Investment income (loss), net	3,559	336	3,895
Net assets released from restrictions	<u>180,909</u>	<u>(180,909)</u>	<u>-</u>
Total revenue, support and gains (losses)	<u>5,243,627</u>	<u>1,067,439</u>	<u>6,311,066</u>
Expenses:			
Program services	4,224,354	-	4,224,354
Management and general	474,148	-	474,148
Fund raising	<u>632,553</u>	<u>-</u>	<u>632,553</u>
Total expenses	<u>5,331,055</u>	<u>-</u>	<u>5,331,055</u>
Change in net assets	(87,428)	1,067,439	980,009
Net assets at beginning of year	<u>5,292,010</u>	<u>306,173</u>	<u>5,598,183</u>
Net assets at end of year	<u><u>\$ 5,204,582</u></u>	<u><u>\$ 1,373,612</u></u>	<u><u>\$ 6,578,194</u></u>

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

CENTER FOR COASTAL STUDIES, INC.

Statement of Activities

For the year ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, support and gains (losses):			
Contributions	\$ 1,390,427	\$ 306,789	\$ 1,697,214
Federal and state contracts and grants	2,978,287	120,795	3,099,082
Gross special events revenue, including \$39,404 of in kind contributions,	351,909	-	351,909
Less cost of direct benefits to donors	(172,685)	-	(172,685)
Net special event revenue	179,224	-	179,224
In-kind contributions	33,438	-	33,438
Merchandise sales, less \$43,251 of COGS	30,633	-	30,633
Other revenue	12,019	-	12,019
Gain (loss) from sale of assets	(412)	-	(412)
Distributions from and change in value of beneficial interest in assets held by community foundation	-	3,295	3,295
Investment income (loss), net	811	36	847
Net assets released from restrictions	324,291	(324,291)	-
Total revenue, support and gains (losses)	4,948,718	106,624	5,055,340
Expenses:			
Program services	3,646,267	-	3,646,267
Management and general	441,327	-	441,327
Fund raising	531,841	-	531,841
Total expenses	4,619,435	-	4,619,435
Change in net assets	329,283	106,624	435,905
Net assets at beginning of year	4,962,728	199,549	5,162,277
Net assets at end of year	<u>\$ 5,292,010</u>	<u>\$ 306,173</u>	<u>\$ 5,598,183</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, 2022

	Program Services	Management & General	Fund Raising	Totals
Salaries and payroll taxes	\$ 2,373,160	\$ 293,110	\$ 385,070	\$ 3,051,341
Employee benefits	312,528	44,151	49,294	405,974
Consulting fees	339,497	15,700	78,474	433,671
Advertising/promotion	1,326	1,090	7,141	9,557
Auto expense	8,972	-	-	8,972
Bad debt	-	12,000	-	12,000
Contributions	-	845	-	845
Dues and subscriptions	3,094	2,949	2,331	8,374
Maintenance and repairs	14,585	45,652	-	60,237
Insurance	137,019	6,876	3,865	147,760
Intern housing and stipend	59,766	-	-	59,766
Other	73,392	3,250	4,685	81,327
Office expenses	5,405	3,443	1,301	10,149
Postage	14,723	2,550	25,511	42,783
Outside printing	3,637	85	43,347	47,069
Program operations	444,327	451	102	444,880
Telephone	21,578	506	1,793	23,877
Travel	21,315	1,753	1,441	24,509
Training and conferences	25,903	7,132	1,025	34,060
Utilities	38,560	3,266	4,250	46,076
Membership premiums	-	90	6,365	6,454
Depreciation	231,412	14,648	-	246,060
Computer expenses	32,512	6,384	9,141	48,036
Interest	12,372	1,085	1,413	14,870
Operating lease expense	37,324	-	-	37,324
Legal	2,500	-	-	2,500
Fees and taxes	9,448	7,133	6,004	22,585
Total Expenses	<u>\$ 4,224,354</u>	<u>\$ 474,148</u>	<u>\$ 632,553</u>	<u>\$ 5,331,055</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, 2021

	Program Services	Management & General	Fund Raising	Totals
Salaries and payroll taxes	\$ 2,132,431	\$ 275,603	\$ 302,378	\$ 2,710,412
Employee benefits	221,329	39,232	46,797	307,358
Consulting fees	212,473	20,476	94,645	327,594
Advertising/promotion	990	5,159	6,962	13,111
Auto expense	7,011	-	-	7,011
Bad debt	-	12,000	-	12,000
Contributions	-	1,250	-	1,250
Dues and subscriptions	1,445	3,646	4,729	9,820
Maintenance and repairs	11,335	7,822	-	19,157
Insurance	129,569	6,403	3,282	139,254
Intern housing and stipend	93,736	-	-	93,736
Other	27,905	5,510	817	34,232
Office expenses	7,350	2,844	750	10,945
Postage	15,494	1,815	13,022	30,330
Outside printing	2,194	119	37,945	40,258
Program operations	414,361	415	20	414,795
Telephone	21,817	686	673	23,177
Travel	8,239	11,832	1,046	21,116
Training and conferences	18,144	1,542	12	19,698
Utilities	28,778	2,455	2,880	34,114
Membership premiums	420	-	2,380	2,800
Depreciation	212,673	14,974	-	227,647
Computer expenses	31,993	10,907	6,689	49,588
Interest	13,200	1,246	1,222	15,667
Operating lease expense	11,550	-	-	11,550
Legal	12,998	11,159	-	24,156
Fees and taxes	8,834	4,235	5,591	18,659
Total Expenses	<u>\$ 3,646,267</u>	<u>\$ 441,327</u>	<u>\$ 531,841</u>	<u>\$ 4,619,435</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, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	\$ 980,009	\$ 435,905
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	246,060	227,647
Contributions restricted to endowment	(1,080,000)	-
Receipt of contributed securities	(99,935)	(134,791)
Proceeds from sale of contributed securities	100,095	134,791
Endowment net investment (return)	(2,393)	-
(Gain) loss on sale of property and equipment	(32,012)	(412)
Net realized and unrealized (gain)/loss on investments	(336)	-
(Increase)/decrease in:		
Account receivable, net	(237,130)	(129,002)
Inventory, net	(2,745)	11,794
Prepaid expenses	(35,924)	18,045
Increase/(decrease) in:		
Accounts payable	24,361	12,952
Deferred revenue	(38,576)	61,150
Accrued expenses	(84,004)	(4,961)
Net cash provided by (used in) operating activities	<u>(262,530)</u>	<u>633,119</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(279,674)	(195,124)
Proceeds from sale of property and equipment	212,869	550
(Additions to) withdrawal from assets held in community foundation	(2,065)	(3,295)
(Additions to) withdrawal from endowment	(1,080,000)	-
Purchases of operating investments	(81,706)	(134,516)
Proceeds from sales of operating investments	-	-
Net cash provided by (used in) investing activities	<u>(1,230,576)</u>	<u>(332,385)</u>
Cash Flows from Financing Activities:		
Collections of contributions restricted to endowment	1,080,000	-
Principal payments on mortgage payable	(8,976)	(10,907)
Net cash used in financing activities	<u>1,071,024</u>	<u>(10,907)</u>
Net change in cash and cash equivalents	(422,083)	289,827
Cash and cash equivalents, beginning of year	<u>1,112,913</u>	<u>\$ 823,086</u>
Cash and cash equivalents, end of year	<u>\$ 690,831</u>	<u>\$ 1,112,913</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 14,870</u>	<u>\$ 15,667</u>
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Receipts of contributed securities	<u>\$ 99,935</u>	<u>\$ 134,791</u>

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, 2022 and 2021

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

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 available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

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. The Center reports conditional contributions restricted by donors as increase in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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 of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

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

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.

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 deferred revenue in the statement of financial position.

Income Taxes

The Center is organized as a Massachusetts nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC 501(c)(3) qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Center is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Center has determined that it is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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. Management estimated that any allowance for inventory obsolescence at December 31, 2022 and 2021, respectively, would be immaterial.

Investments

Investments are reported at cost, if purchased, or if donated, at fair value on the date of donation. 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.

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

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

Cash and Cash Equivalents

The Center's cash considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, or contractually restricted by lenders, to be cash and cash equivalents.

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.

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.

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the years ended December 31, 2022 and 2021

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

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due under state and federal cost reimbursable contracts. Management determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2022 and 2021, the allowance was \$24,000 and \$12,000 respectively.

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.

Advertising

Advertising costs are expensed as incurred. Total advertising costs were \$4,057 and \$6,149 for the years ended December 31, 2022 and 2021, respectively.

Property and Equipment

The Center records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years, or in the case of capitalized leased equipment or leasehold improvements, the lesser of the useful life of an asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of respective assets are expensed currently.

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, 2022 and 2021, respectively.

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 net special events revenue was 19% and 28%, for the years ended December 31, 2022 and 2021, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the years ended December 31, 2022 and 2021

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 on a reasonable basis that is consistently applied. The expenses that are allocated include utilities and depreciation, which are allocated on a square footage basis, as well as salaries and payroll taxes, benefits, consulting fees, office expenses, computer expenses, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

In-Kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods and services received (Note O). The Center does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to 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.

Leases

The Center determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Center does not report ROU assets and lease liabilities for its short term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Recent Adopted Accounting Standards

In 2022, The Center adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Center elected not to restate the comparative period 2021. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, The Center did not recognize any right-of-use assets and lease liabilities in its statement of financial position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

NOTE B - INVESTMENT RETURN, FAIR VALUE MEASUREMENTS AND DISCLOSURES:

Investment income consists of the following for the years ended December 31, 2022 and 2021:

	2022	2021
Interest and Dividends	\$ 3,895	\$ 847
Net Realized and Unrealized Gain (Loss) on Investments	-	-
	<u>\$ 3,895</u>	<u>\$ 847</u>

The following table presents assets measured at fair value on a recurring basis, except those measured at cost at December 31, 2022:

	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Act. Markets for identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating and Endowment Investments				
Global equity mutual funds	\$ 1,238,532	\$ 1,238,532	\$ -	\$ -
Money market funds (at cost)	249,909	-	-	-
	<u>1,488,441</u>	<u>1,238,532</u>	<u>-</u>	<u>-</u>
Beneficial interest in assets held by community foundation	11,230	-	-	11,230
	<u>\$ 1,499,671</u>	<u>\$ 1,238,532</u>	<u>\$ -</u>	<u>\$ 11,230</u>

The following table presents assets measured at fair value on a recurring basis, except those measured at cost at December 31, 2021:

	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Act. Markets for identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating and Endowment Investments				
Global equity mutual funds	\$ 153,401	\$ 153,401	\$ -	\$ -
Money market funds (at cost)	147,471	-	-	-
	<u>300,872</u>	<u>153,401</u>	<u>-</u>	<u>-</u>
Beneficial interest in assets held by community foundation	13,295	-	-	13,295
	<u>\$ 314,167</u>	<u>\$ 153,401</u>	<u>\$ -</u>	<u>\$ 13,295</u>

CENTER FOR COASTAL STUDIES, INC.**Notes to the Financial Statements**

For the years ended December 31, 2022 and 2021

NOTE B - INVESTMENT RETURN, FAIR VALUE MEASUREMENTS AND DISCLOSURES (continued):

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, 2022 and 2021:

Fair Value Measurements at Report Date Using
Significant Unobservable Inputs (Level 3)

<u>Beneficial Interest in Assets Held by Community Foundation</u>		
	2022	2021
Balance at Beginning of Year,	\$ 13,295	\$ 10,000
Purchases/contributions of investments	-	-
Investment return, net	(2,065)	3,295
Distributions	-	-
	<u> </u>	<u> </u>
Balance at End of Year,	<u>\$ 11,230</u>	<u>\$ 13,295</u>

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2022 and 2021:

	2022	2021
Land	\$ 499,950	\$ 499,950
Building and improvements	4,159,400	4,058,819
Vehicles and trailers	88,912	70,168
Boat R/V Shearwater	467,315	467,315
Boat R/V Ibis	284,742	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 Pontoon	21,833	21,833
Boat Kingfisher	15,500	15,500
Equipment	1,155,023	1,241,003
	<u>6,754,230</u>	<u>6,687,424</u>
Less accumulated depreciation	<u>(2,997,917)</u>	<u>(2,932,712)</u>
	<u>\$ 3,756,313</u>	<u>\$ 3,754,712</u>

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

NOTE D - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS:

Financial Instruments and Credit Risk

The Center manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Center has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Center's mission. Investments are made by diversified investment managers whose performance is monitored by management and the finance committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the finance committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Center.

Concentration in Government Funding

The Center's program services are funded significantly by the US Department of Commerce (DOC). The Center received \$1,188,722 or 19% of its total revenues from this department for the year ended December 31, 2022 and \$995,750 or 20% of its total revenues from this department for the year ended December 31, 2021. Receivables from DOC were \$162,367 or 17% of the total accounts receivable balance for the year ended December 31, 2022 and \$191,699 or 20% of the total accounts receivable balance for the year ended December 31, 2021.

NOTE E - 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, 2022 and 2021.

NOTE F - 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 who have attained age of 21 may begin contributing a percentage of their gross income beginning one month after their hire date. 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 \$57,594 and \$68,173 for the years ended December 31, 2022 and 2021, respectively.

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

NOTE G - SICK AND VACATION LEAVE:

Sick leave for full time employees is accrued based upon a 40 hour workweek and will be pro-rated for eligible employees who work less than 40 hours per week. Regular part-time employees accrue paid time off on a pro rata basis by comparing regularly scheduled hours worked to a full time schedule of 40 hours.

Vacation time accrues at a rate not to exceed 176 hours(22 days) for the first full year of employment, for years 2-5 of employment up to 216 hours (27 days) per year, and after 6 years of employment up to 256 hours (32 days). Length of service determines the rate at which employees will accrue paid time off. Vacation time does not accrue if an employee is on a leave of absence.

The balance of accrued sick and vacation as of December 31, 2022 and 2021 was \$98,555 and \$38,991, respectively.

NOTE H - 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, through March 6, 2022, the interest rate on the note was 4.25% with monthly payments of \$2,044. Thereafter, the interest rate on the note is subject to change based on the changes of the Wall Street Journal Prime Rate plus a margin of 1%. On January 14, 2022 the Center was notified that the interest rate increased to 5% and the monthly payment increased to \$2,180 starting with the March 2022 payment. At December 31, 2022 and 2021, the Center's outstanding mortgage balance is as follows:

	2022	2021
Mortgage payable	\$ 320,272	\$ 329,248
Less current portion	(11,204)	(10,566)
Long-term portion	<u>\$ 309,068</u>	<u>\$ 318,682</u>

Future maturities of mortgage payable are as follows:

<u>Years ending December 31,</u>	
2023	\$ 11,204
2024	11,502
2025	12,000
2026	12,520
2027	13,063
Thereafter	259,983
	<u>\$ 320,272</u>

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the years ended December 31, 2022 and 2021

NOTE I - LEASE OBLIGATIONS:

The Center evaluated current contracts to determine which met the criteria of a lease. The Center's operating lease consist of a short-term lease (12 months or less) of a storage space.

For the years ended December 31, 2022 and 2021, total operating lease expense was \$37,324 and \$11,550, and total short-term lease cost was \$37,324 and \$11,550, respectively. Cash paid for operating leases for the years ended December 31, 2022 and 2021 was \$37,324 and \$11,550, respectively. There were no noncash investing and financing transactions related to leasing.

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 statements of financial position date, comprise the following:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 690,831	\$ 1,112,913
Accounts receivables, net	1,007,471	770,341
Operating investments	406,048	300,872
Endowment investment	1,082,393	-
Total Financial assets	<u>3,186,742</u>	<u>2,184,126</u>
Less amounts not available to be used within one year due to:		
Restricted by donor with purpose restrictions	282,382	292,878
Perpetual in nature subject to endowment spending and	1,080,000	-
Perpetual in nature not subject to spending policy or	11,230	13,295
Financial assets available to meet general expenditures	<u>\$ 1,813,131</u>	<u>\$ 1,877,953</u>
over the next twelve months		

The Center's endowment fund consist of donor-restricted endowment. Income from the endowment fund is available for general use.

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.

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

NOTE J - LIQUIDITY AND AVAILABILITY (continued):

The Center's goal is generally to maintain financial assets to meet 90 days of operating expenses. 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 K - DOCK RIGHTS:

The Center owns dock rights on MacMillan Wharf in Provincetown, Massachusetts. The dock rights are carried on the statement of financial position at cost. The Center reviews the carrying value of the dock rights for impairment. There were no indicators of asset impairment during the years ended December 31, 2022 and 2021, respectively.

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:

	2022	2021
Barbara Mayo Education Fund	\$ 46,458	\$ 45,748
Marine Vessels Fund	-	18,683
Operating Reserve Fund	14,117	13,901
Educational and research programs	126,600	120,795
Mayo Endangered Species Fund	14,930	14,701
Giese Coastal & Ocean Education Fund	29,004	28,560
Mayo Education Fund	51,274	50,490
	<u>282,382</u>	<u>292,878</u>

Perpetual in nature, earnings from which are subject to endowment spending policy and appropriations:

General use	<u>1,080,000</u>	<u>-</u>
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Perpetual in nature, not subject to spending policy or appropriations:

Beneficial interest in assets held by community foundation	<u>11,230</u>	<u>13,295</u>
	<u>\$ 1,373,612</u>	<u>\$ 306,173</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, 2022 and 2021:

Satisfaction of purpose restrictions:

	2022	2021
Educational and research programs	\$ 180,909	\$ 324,291
	<u>\$ 180,909</u>	<u>\$ 324,291</u>

CENTER FOR COASTAL STUDIES, INC.**Notes to the Financial Statements**

For the years ended December 31, 2022 and 2021

NOTE M - DEFERRED REVENUE:

Deferred revenue represents amounts received in advanced under various research grants and contracts with universities and government agencies. The following table provides information about significant changes in deferred revenue for the years ended December 31, 2022 and 2021.

	2022	2021
Deferred revenue, beginning of year	\$ 105,206	\$ 44,056
Revenue recognized that was included in deferred revenue at the beginning of year	(105,206)	(44,056)
Increases in deferred revenue due to cash received during the year	66,630	105,206
Deferred revenue, end of year	<u>\$ 66,630</u>	<u>\$ 105,206</u>

NOTE N - CONTINGENCY:

The Center receives a substantial portion of its support from government grants and contracts subject to audit by the applicable government agency. Should an audit be conducted and result in any disallowed costs, the Center would be liable for such disallowed amounts. In management's opinion, liability resulting from such an audit would not have a material adverse effect on the Center's financial position.

NOTE O - IN-KIND CONTRIBUTIONS:

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included the following:

	Program Services	Mgmt. & General	Fund raising	Total
<u>December 31, 2022</u>				
Materials and supplies	\$ 61,883	\$ -	\$ -	61,883
Food and entertainment for special events	-	-	173,411	173,411
Equipment	65,176	-	-	65,176
	<u>\$ 127,059</u>	<u>\$ -</u>	<u>\$ 173,411</u>	<u>\$ 300,470</u>
<u>December 31, 2021</u>				
Materials and supplies	\$ 33,438	\$ -	\$ -	33,438
Food and entertainment for special events	-	-	39,404	39,404
Equipment	2,399	-	-	2,399
	<u>\$ 35,837</u>	<u>\$ -</u>	<u>\$ 39,404</u>	<u>\$ 75,241</u>

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

NOTE O - IN-KIND CONTRIBUTIONS (continued):

Contributed food, entertainment, materials, and supplies are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of contribution.

During the years ended December 31, 2022 and 2021, the Center received a donation of equipment with a fair value of \$65,176 and \$2,399 respectively, which were valued using estimated U.S. wholesale prices (principal market) for identical equipment. The equipment was capitalized.

All gifts-in-kind received during the years ended December 31, 2022 and 2021 were unrestricted.

NOTE P - ENDOWMENT FUND:

The Center for Coastal Studies' endowment (the endowment) consists solely of donor-restricted funds.

The Board of Directors of Directors has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, the Center retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of interments
- (6) Other resources of the organization
- (7) The organization's investment policies.

As of December 31, 2022 and 2021, the Center had the following endowment net asset composition by type of fund:

December 31, 2022

Donor-restricted endowment funds

Original donor-restricted gift amount and amounts
required to be maintained in perpetuity by donor
Accumulated investment gains (losses)

\$ 1,080,000
2,393
<u>\$ 1,082,393</u>

CENTER FOR COASTAL STUDIES, INC.
Notes to the Financial Statements
For the years ended December 31, 2022 and 2021

NOTE P - ENDOWMENT FUND (continued):

December 31, 2021

Donor-restricted endowment funds

Original donor-restricted gift amount and amounts
required to be maintained in perpetuity by donor

\$ -

Accumulated investment gains (losses)

-
\$ -

From time to time, the fair value associated with individual donor-restricted endowment funds may fall below the level required to be maintained by the donor or by law (underwater endowment). The Center has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2022 and 2021, there are no underwater endowments.

The Center has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Center uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the Endowment investments for the prior 12 quarters at December 31 of each year to determine the spending amount for the upcoming year. During 2022 and 2021, the spending rate maximum was 4.5 percent. In establishing this policy, the Center considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Changes in Endowment net assets for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Endowment net assets, beginning of year		
Contributions	\$ 1,080,000	\$ -
Investment return, net	2,393	-
Appropriation of endowment assets pursuant to spending-rate policy	-	-
Endowment net assets, end of year	-	-
	<u>\$ 1,082,393</u>	<u>\$ -</u>

CENTER FOR COASTAL STUDIES, INC.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

NOTE Q - SUBSEQUENT EVENTS:

The Center has evaluated subsequent events through June 5, 2023, the date which the financial statements were available to be issued.

CENTER FOR COASTAL STUDIES, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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	\$ 795,977
U.S. Department of Commerce / NOAA			
Pass Through Salem State University See Grant Support	11.417	NA180AR4170104-22180420	10,396
U.S. Department of Commerce / EDA			
Economic Development Cluster Pass Through Barnstable County, MA/Cape Cod Commission			
Economic Adjustment Assistance	11.307	01-69-14936	81,089
Total Economic Development Cluster			<u>81,089</u>
U.S. Department of Commerce / NOAA			
Pass Through Gulf of Maine Association Marine Debris Program	11.999	NA21NOS9990124	32,822
U.S. Department of Commerce / NOAA			
Pass Through SR3 Sealife Response, Rehabilitation, and Research Marine Mammal Data Program	11.439		32,500
Direct Programs Through U.S. Department of Commerce / NOAA			
Unallied Science Programs	11.472		94,062
Direct Programs Through U.S. Department of Commerce / NOAA			
Marine Debris Program	11.999		<u>141,876</u>
Total U.S. Department of Commerce / NOAA			<u>1,188,721</u>
U.S. Environmental Protection Agency			
Pass Through Restore America's Estuaries Geographic Programs - Southeast New England Coastal Watershed Restoration Program	66.129		<u>8,032</u>
Total U.S. Environmental Protection Agency			<u>8,032</u>

See the accompanying notes to the schedule of expenditures of federal awards

CENTER FOR COASTAL STUDIES, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor /Program Name	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Defense / ONR			
Pass Through University of St. Andrews, Scotland Basic and Applied Scientific Research	12.300	18390 CCS SERDP	29,771
U.S. Department of Defense / ONR			
Pass Through Woods Hole Oceanographic Institute/ University of Massachusetts Boston Basic and Applied Scientific Research	12.300		14,040
Direct Programs Through U.S. Department of Defense / ONR			
Basic and Applied Scientific Research	12.300		<u>24,675</u>
Total Basic and Applied Scientific Research			68,487
Total U.S. Department of Defense / ONR			<u>68,487</u>
Direct Programs Through U.S. Department of Interior / NPS			
Cooperative Research and Training Programs - Resources of National Park	15.945		<u>147,053</u>
Total U.S. Department of Interior / NPS			<u>147,053</u>
U.S. Department of Agriculture/ NRCS			
Pass Through Cape Cod Conservation District Watershed Protection and Flood Prevention	10.904	NR191320XXXXC002/S	<u>102,704</u>
Total U.S. Department of Agriculture/ NRCS			<u>102,704</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,514,997</u></u>

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

Pass-through entity identifying numbers are presented where available.

CENTER FOR COASTAL STUDIES, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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, 2022. 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*, 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.

CENTER FOR COASTAL STUDIES, INC.
Summary Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended December 31, 2022

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 5, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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*.

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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.

Sanders, Walsh & Eaton, CPAs, LLC

Chatham, Massachusetts

June 5, 2023



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

Opinion of Each Major Federal Program

We have audited the 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, 2022. 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.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

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 audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Center for Coastal Studies, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Center for Coastal Studies, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center for Coastal Studies, Inc.'s federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Center for Coastal Studies, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Center for Coastal Studies, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Center for Coastal Studies, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Center for Coastal Studies, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Center for Coastal Studies, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Report on Internal Control Over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Sanders, Walsh & Eaton, CPAs, LLC

Chatham, Massachusetts

June 5, 2023

CENTER FOR COASTAL STUDIES, INC.
Statement of Findings and Questioned Costs
For the Year Ended December 31, 2022

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 deficiency (ies) identified

_____ yes

 X None Reported

Noncompliance material to financial statements noted?

_____ yes

 X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ yes

 X no

Significant deficiency (ies) identified

_____ 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 federal programs:

CFDA Number(s)
11.472

Name of Federal Program or Cluster
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 THAT ARE 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