

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

**FINANCIAL STATEMENTS**

For the Years Ended December 31, 2023 and 2022

**CENTER FOR COASTAL STUDIES, INC.**  
Financial Statements  
For the Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
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, 2023 and 2022, 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, 2023 and 2022, 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, including omissions, 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 15, 2024 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 15, 2024

**CENTER FOR COASTAL STUDIES, INC.**

## Statements of Financial Position

December 31, 2023 and 2022

	<b>ASSETS</b>	
	2023	2022
Current Assets:		
Cash and cash equivalents	\$ 1,422,827	\$ 690,831
Operating investments	350,353	406,047
Promises to give, net	611,971	1,007,471
Inventory, net	21,272	15,448
Prepaid expenses	61,790	94,748
Total Current Assets	<u>2,468,214</u>	<u>2,214,544</u>
Noncurrent Assets		
Property and equipment, net	3,838,722	3,756,313
Beneficial interest in assets held by community foundation	12,710	11,230
Endowment investments	1,654,285	1,082,394
Dock rights	250,000	250,000
Total Noncurrent Assets	<u>5,755,718</u>	<u>5,099,937</u>
Total Assets	<u>\$ 8,223,932</u>	<u>\$ 7,314,482</u>
	<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities:		
Accounts payable	\$ 140,470	\$ 226,115
Accrued expenses	135,658	123,273
Deferred revenue	175,795	66,630
Mortgage payable- current portion	9,494	11,204
Total Current Liabilities	<u>461,416</u>	<u>427,222</u>
Long-Term Liabilities:		
Mortgage payable, net of current portion	301,879	309,068
Total Long-Term Liabilities	<u>301,879</u>	<u>309,068</u>
Total Liabilities	<u>763,296</u>	<u>736,290</u>
Net Assets:		
With donor restrictions		
Perpetual in nature	1,323,198	1,091,230
Purpose restrictions	275,863	284,776
	<u>1,599,061</u>	<u>1,376,006</u>
Without donor restrictions		
Undesignated	5,698,640	5,202,186
Designated by the Board for endowment	162,935	-
	<u>5,861,575</u>	<u>5,202,186</u>
Total Net Assets	<u>7,460,636</u>	<u>6,578,192</u>
Total Liabilities and Net Assets	<u>\$ 8,223,932</u>	<u>\$ 7,314,482</u>

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

# CENTER FOR COASTAL STUDIES, INC.

## Statements of Activities

For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains (Losses):						
Contributions	\$ 2,050,712	\$ 481,488	\$ 2,532,200	\$ 1,716,830	\$ 1,119,347	\$ 2,836,177
Federal and state contracts and grants	3,836,291	-	3,836,291	3,081,108	126,600	3,207,708
In-kind contributions	125,422	-	125,422	127,059	-	127,059
Gross special events revenue			-			
Ticket sales and auction	172,167	-	172,167	301,432	-	301,432
In-kind contributions	52,776	-	52,776	35,916	-	35,916
Less costs of direct benefits to donors	(104,304)	-	(104,304)	(236,883)	-	(236,883)
Net special events revenue	120,639	-	120,639	100,465	-	100,465
Merchandise sales, less \$83,250 and \$44,584 of cost of goods sold, respectively.	64,226	-	64,226	48,562	-	48,562
Distributions from and change in value of beneficial interest of assets held by community foundation	-	1,480	1,480	-	2,065	2,065
Investment return, net	21,400	178,469	199,869	1,165	2,730	3,895
Other revenue	16,242	-	16,242	17,148	-	17,148
Gain/(loss) on sale of assets	-	-	-	(32,013)	-	(32,013)
Net assets released from restrictions	438,382	(438,382)	-	180,909	(180,909)	-
Total Revenue, Support, and Gains (Losses)	6,673,313	223,055	6,896,368	5,241,233	1,069,833	6,311,066
Expenses:						
Program	4,684,928	-	4,684,928	4,224,354	-	4,224,354
Management and general	486,478	-	486,478	474,149	-	474,149
Fund-raising	842,519	-	842,519	632,553	-	632,553
Total Expenses	6,013,924	-	6,013,924	5,331,055	-	5,331,055
Change in Net Assets	659,389	223,055	882,444	(89,824)	1,069,833	980,011
Net Assets, Beginning of Year	5,202,186	1,376,006	6,578,192	5,292,010	306,173	5,598,183
Net Assets, End of Year	\$ 5,861,575	\$ 1,599,061	\$ 7,460,636	\$ 5,202,186	\$ 1,376,006	\$ 6,578,192

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

**CENTER FOR COASTAL STUDIES, INC.**  
Statements of Functional Expenses  
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Management and General		Total	Management and General		Total
	Program	Fund-raising		Program	Fund-raising	
Salaries and payroll taxes	\$ 2,618,444	\$ 521,411	\$ 3,502,138	\$ 2,373,161	\$ 293,110	\$ 3,051,341
Employee benefits	301,524	52,598	372,047	312,529	44,151	405,974
Consulting	380,435	114,052	514,867	339,497	15,700	433,671
Legal fees	15,152	-	16,104	2,500	-	2,500
Advertising	77	10,269	17,274	1,326	1,090	9,557
Auto and vehicle	10,335	-	10,335	8,972	-	8,972
Bad debt	-	-	12,000	-	12,000	12,000
Donations	5,182	-	6,182	-	845	845
Dues and subscriptions	2,194	4,274	12,607	3,094	2,949	8,374
Repairs and maintenance	23,005	-	31,244	14,585	45,652	60,237
Insurance	146,250	5,387	160,451	137,019	6,876	147,760
Miscellaneous expenses	3,043	568	5,075	73,392	3,250	81,327
Office	6,305	1,777	10,712	5,405	3,443	10,149
Postage and printing	22,668	35,500	60,335	14,722	2,550	42,783
Printing - outside	1,441	47,589	49,479	3,637	85	47,069
Telephone	23,222	1,800	25,521	21,578	506	23,877
Travel	24,520	1,089	27,946	21,315	1,753	24,509
Trainings and conferences	48,618	1,124	53,560	25,903	7,132	34,060
Utilities	36,434	4,785	44,411	38,560	3,266	46,076
Membership premiums	521	4,863	5,561	-	90	6,454
Depreciation	249,145	-	263,327	231,412	14,648	246,060
Technology	56,535	13,826	73,861	32,511	6,384	48,036
Interest	12,989	4,326	20,006	12,372	1,085	14,870
Fees and licenses	18,332	16,760	38,949	9,448	7,133	22,585
Vessel and air charter services	613,272	520	614,646	444,327	102	444,880
Housing	27,740	-	27,740	37,324	-	37,324
Stipends	37,546	-	37,546	59,766	-	59,766
Total Expenses	\$ 4,684,928	\$ 842,519	\$ 6,013,924	\$ 4,224,354	\$ 474,149	\$ 5,331,055

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



# CENTER FOR COASTAL STUDIES, INC.

## Statements of Cash Flow

For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 882,444	\$ 980,010
Adjustments to reconcile change net assets to net cash provided by (used in) operating activities:		
Depreciation	263,327	246,060
Contributions restricted to endowment	(230,488)	(1,080,000)
Receipt of contributed securities	(86,823)	(99,935)
Proceeds from sale of contributed securities	86,823	100,095
Endowment net investment (return)	(185,622)	(2,393)
Donated equipment	(17,180)	(65,176)
(Gain)/loss on sale of property and equipment	-	(32,012)
Realized and unrealized (gains) losses on operating investments	(13,265)	(336)
(Increase) decrease in operating assets:		
Promises to give, net	395,500	(237,130)
Inventory, net	(5,825)	(2,745)
Prepaid expenses	32,958	(35,924)
Increase (decrease) in operating liabilities:		
Accounts payable	(85,645)	24,361
Accrued expenses	12,385	(84,004)
Deferred revenue	109,165	(38,576)
Net Cash Provided by (Used in) Operating Activities	<u>1,157,754</u>	<u>(327,705)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(328,556)	(214,498)
Proceeds from sales of equipment	-	212,869
Withdrawals/(additions) from assets held in community foundation	(1,480)	(2,065)
Withdrawals/(additions) from endowment	(386,270)	(1,080,000)
Purchase of operating investments	(86,824)	(81,706)
Proceeds from sales of operating investments	155,782	-
Net Cash Provided by (Used in) Investing Activities	<u>(647,348)</u>	<u>(1,165,401)</u>
Cash Flows From Financing Activities:		
Collection of contributions restricted to endowment	230,488	1,080,000
Principal payments on mortgage payable	(8,898)	(8,976)
Net Cash (Used in) in Financing Activities	<u>221,589</u>	<u>1,071,024</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	731,996	(422,083)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>690,831</u>	<u>1,112,913</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 1,422,827</u>	<u>\$ 690,831</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 20,006</u>	<u>\$ 14,870</u>
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Receipt of contributed securities	<u>\$ 86,823</u>	<u>\$ 99,935</u>
Donated equipment	<u>\$ 17,180</u>	<u>\$ 65,176</u>

The accompanying notes are an integral part of these financial statements

## CENTER FOR COASTAL STUDIES, INC.

### Notes to Financial Statements For the Years Ended December 31, 2023 and 2022

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

##### Organization

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 generally accepted accounting principles.

##### Cash, Cash Equivalents and Restricted Cash

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.

##### Promises to Give

Promises to give consist primarily of noninterest-bearing amounts due under state and federal cost reimbursable contracts and grants. Promises to give are expected to be collected in one year or less and recorded at net realizable value. Management determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2023 and 2022, the allowance was \$36,000 and \$24,000 respectively.

Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. At December 31, 2023 and 2022, there were no multiyear promises to give.

##### 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, 2023 and 2022, respectively, would be immaterial.

##### Property and Equipment

The Center records property and equipment additions over \$2,000 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, 2023 and 2022, respectively.

**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to Financial Statements**  
For the Years Ended December 31, 2023 and 2022

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

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.

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.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor 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 ) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment.

*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. The Center reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, 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 increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. 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.

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 M). 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.

**CENTER FOR COASTAL STUDIES, INC.**  
Notes to Financial Statements  
For the Years Ended December 31, 2023 and 2022

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

Revenue and Revenue Recognition

Merchandise sales are recognized at the time of purchase. Payments are required at time of sale. 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 (Note K).

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising costs for the years ended December 31, 2023 and 2022, were \$17,274 and \$14,292, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited 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, employee benefits, consulting, office, travel, interest, insurance, and miscellaneous, which are allocated on the basis of estimates of time and effort.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the 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.

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.

**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to Financial Statements**  
For the Years Ended December 31, 2023 and 2022

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

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.

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. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of December 31, 2023 and 2022, the Center had approximately \$0 and \$0, respectively, in excess of FDIC insurance limits. To date, the Center has not experienced losses in any of these accounts. Credit risk associated with grants receivable and promises to give 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 individuals 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.

Leases

The Center determines if an arrangement is or contains a lease at inception. The Center has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Organization elected the practical expedient to not separate lease and non-lease components for a real estate leases. All of the Organization's leases are short-term operating leases.

Concentration in Government Funding

The Center's program services are funded significantly by the US Department of Commerce (DOC). The Center received \$1,181,470 or 17% of its total revenues from DOC for the year ended December 31, 2023 and \$1,188,722 or 19% of its total revenues from DOC for the year ended December 31, 2022. Receivables from DOC were \$111,282 or 17% of the total grants receivable balance for the year ended December 31, 2023 and \$162,367 or 17% of the total accounts receivable balance for the year ended December 31, 2022.

Adoption of New Accounting Standards

recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Center 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 Financial Statements For the Years Ended December 31, 2023 and 2022

### NOTE B - 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:

	2023	2022
Cash and cash equivalents	\$ 1,422,827	\$ 690,831
Promises to give, net	611,971	1,007,471
Operating investments	350,353	406,047
Beneficial interest in assets held by community foundation	12,710	11,230
Endowment investment	1,654,285	1,082,394
Total financial assets, at year end	4,052,148	3,197,972
Less amounts not available for general expenditures within one year due to:		
Restricted by donor with purpose restrictions	275,863	284,776
Perpetual in nature subject to endowment spending and appropriation policy	1,310,488	1,080,000
Perpetual in nature not subject to spending policy or appropriations	12,710	11,230
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,453,087	\$ 1,821,967

The Center's endowment fund consists of donor-restricted endowment and funds designated by the Board as endowments. Income from the donor-restricted endowment is available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment is subject to an annual spending rate of 4.5 percent as described in Note J and totaled \$162,935 and \$0 at December 31, 2023 and 2022, respectively. Although the Center does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

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. 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 manage unanticipated liquidity needs (Note G). 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 Financial Statements  
For the Years Ended December 31, 2023 and 2022

**NOTE C - 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 or liability, 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 or liability 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 or liability 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 we can access 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, the Organization develops 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 Financial Statements For the Years Ended December 31, 2023 and 2022

### NOTE B - 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:

	2023	2022
Cash and cash equivalents	\$ 1,422,827	\$ 690,831
Promises to give, net	611,971	1,007,471
Operating investments	350,353	406,047
Beneficial interest in assets held by community foundation	12,710	11,230
Endowment investment	1,654,285	1,082,394
Total financial assets, at year end	4,052,148	3,197,972
Less amounts not available for general expenditures within one year due to:		
Restricted by donor with purpose restrictions	275,863	284,776
Perpetual in nature subject to endowment spending and appropriation policy	1,310,488	1,080,000
Perpetual in nature not subject to spending policy or appropriations	12,710	11,230
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,453,087	\$ 1,821,967

The Center's endowment fund consists of donor-restricted endowment and funds designated by the Board as endowments. Income from the donor-restricted endowment is available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment is subject to an annual spending rate of 4.5 percent as described in Note J and totaled \$162,935 and \$0 at December 31, 2023 and 2022, respectively. Although the Center does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

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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 manage unanticipated liquidity needs (Note G). 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 Financial Statements For the Years Ended December 31, 2023 and 2022

### NOTE C - FAIR VALUE MEASUREMENTS (continued):

The following tables present assets measured at fair value on a recurring basis, except those measured at cost at December 31, 2023 and 2022:

2023				
Fair Value Measurements at Report Date Using				
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Money market funds-at cost	\$ 342,766	\$ -	\$ -	\$ -
Global equity mutual funds	7,588	7,588	-	-
	350,353	7,588	-	-
Endowment investments				
Money market funds-at cost	467	-	-	-
Global equity mutual funds	1,653,819	1,653,819	-	-
	1,654,285	1,653,819	-	-
Beneficial interest in assets held by community foundation	12,710	-	-	12,710
Total	<u>\$ 2,017,349</u>	<u>\$ 1,661,406</u>	<u>\$ -</u>	<u>\$ 12,710</u>

2022				
Fair Value Measurements at Report Date Using				
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Money market funds-at cost	\$ 249,909	\$ -	\$ -	\$ -
Global equity mutual funds	156,138	156,138	-	-
	406,047	156,138	-	-
Endowment investments				
Money market funds-at cost	-	-	-	-
Global equity mutual funds	1,082,394	1,082,394	-	-
	1,082,394	1,082,394	-	-
Beneficial interest in assets held by community foundation	11,230	-	-	11,230
Total	<u>\$ 1,499,671</u>	<u>\$ 1,238,532</u>	<u>\$ -</u>	<u>\$ 11,230</u>

# CENTER FOR COASTAL STUDIES, INC.

## Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

### NOTE C - FAIR VALUE MEASUREMENTS (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, 2023 and 2022:

Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)		
Beneficial Interest in Assets Held by Community Foundation		
	2023	2022
Balance, Beginning of Year	\$ 11,230	\$ 13,295
Purchases/contributions of investments	-	-
Investment return, net	1,480	(2,065)
Distributions	-	-
Balance, End of Year	<u>\$ 12,710</u>	<u>\$ 11,230</u>

### NOTE D - INVESTMENT RETURN

Investment revenue for the years ended December 31, 2023 and 2022, consisted of the following:

	2023	2022
Interest and dividends	\$ 54,114	\$ 8,025
Realized gains (losses)	5,548	-
Unrealized gains (losses)	140,206	-
	<u>\$ 199,869</u>	<u>\$ 8,025</u>

### NOTE E - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following at December 31, 2023 and 2022:

	2023	2022
Land	\$ 499,950	\$ 499,950
Building	4,184,324	4,159,400
Boats and vehicles	947,769	939,857
Maintenance equipment	1,387,981	1,155,023
	<u>7,020,024</u>	<u>6,754,230</u>
Less accumulated depreciation	<u>(3,181,302)</u>	<u>(2,997,917)</u>
Property and Equipment, Net	<u>\$ 3,838,722</u>	<u>\$ 3,756,313</u>

### NOTE F - 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, 2023 and 2022, respectively.

**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to Financial Statements**  
For the Years Ended December 31, 2023 and 2022

**NOTE G - 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, 2023 and 2022.

**NOTE H - NOTE PAYABLE:**

	<u>2023</u>	<u>2022</u>
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.		
	<u>\$ 311,373</u>	<u>\$ 320,272</u>
Total Notes Payable	<u>\$ 311,373</u>	<u>\$ 320,272</u>

The following is a maturity schedule for the above-mentioned mortgage payable:

<u>December 31,</u>	
2024	\$ 9,494
2025	10,129
2026	10,807
2027	11,531
2025	12,303
Thereafter	257,109
Total	<u>\$ 311,373</u>

**NOTE I - LEASES:**

The Center evaluated current contracts to determine which met the criteria of a lease. Each year, the Center rents two single family dwellings to house interns and visiting scientists. Each dwelling is rented for approximately five months. For the years ended December 31, 2023 and 2022, total short-term lease cost included in housing expenses on the statements of functional expenses was \$17,650 and \$37,324, respectively. There were no noncash investing and financing transactions for the years ended December 31, 2023 and 2022 related to leasing.

**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to Financial Statements**  
For the Years Ended December 31, 2023 and 2022

**NOTE J - ENDOWMENT FUND:**

The Center's endowment ( the Endowment) consists of funds established by donors to provide annual funding for general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

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, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, the Center retains 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 Center
- (7) The Center's investment policies.

As of December 31, 2023, the Center had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Board designated endowment funds	\$ 162,935	\$ -	\$ 162,935
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,310,488	1,310,488
Accumulated investment gains (losses)	-	180,863	180,863
	<u>\$ 162,935</u>	<u>\$ 1,491,351</u>	<u>\$ 1,654,285</u>

**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to Financial Statements**  
For the Years Ended December 31, 2023 and 2022

**NOTE J - ENDOWMENT FUND (continued):**

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

	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Board designated endowment funds	\$ -	\$ -	\$ -
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,080,000	1,080,000
Accumulated investment gains (losses)	-	2,394	2,394
	<u>\$ -</u>	<u>\$ 1,082,394</u>	<u>\$ 1,082,394</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Center has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2023 and 2022, there are no underwater endowments.

*Investment and Spending Policies*

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 2023 and 2022, the spending rate maximum was 4.0 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.

# CENTER FOR COASTAL STUDIES, INC.

## Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

### NOTE J - ENDOWMENT FUND (continued):

Changes in Endowment net assets for the years ended December 31, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Year Ended December 31, 2023			
Endowment Net Assets, Beginning of Year	\$ -	\$ 1,082,394	\$ 1,082,394
Investment return, net	7,153	178,469	185,622
Contributions	155,782	230,488	386,270
Appropriation of endowment assets pursuant to spending-rate policy	-	-	-
Other changes	-	-	-
Distribution from board designated endowment pursuant to distribution policy	-	-	-
Endowment Net Assets, End of Year	<u>\$ 162,935</u>	<u>\$ 1,491,351</u>	<u>\$ 1,654,285</u>
Year Ended December 31, 2022			
Endowment Net Assets, Beginning of Year	\$ -	\$ -	\$ -
Investment return, net	-	2,394	2,394
Contributions	-	1,080,000	1,080,000
Appropriation of endowment assets pursuant to spending-rate policy	-	-	-
Other changes	-	-	-
Distribution from board designated endowment pursuant to distribution policy	-	-	-
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 1,082,394</u>	<u>\$ 1,082,394</u>

### NOTE K - DEFERRED REVENUE:

Contract liabilities are reported as deferred revenue in the accompanying statements of financial position. 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, 2023 and 2022.

	2023	2022
Deferred Revenue, Beginning of Year	\$ 66,630	\$ 105,206
Revenue recognized that was included in deferred revenue at the beginning of year	(66,630)	(105,206)
Increase in deferred revenue due to cash received during the year	175,795	66,630
Deferred Revenue, End of Year	<u>\$ 175,795</u>	<u>\$ 66,630</u>

# CENTER FOR COASTAL STUDIES, INC.

## Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

### NOTE K - DEFERRED REVENUE (Continued):

The beginning and ending balances for deferred revenue were as follows for the years ended December 31, 2023

		2023	
		January 1	December 31
Deferred revenue		\$ 66,630	\$ 175,795

  

		2022	
		January 1	December 31
Deferred revenue		\$ 105,206	\$ 66,630

### NOTE L - NET ASSETS WITH DONOR RESTRICTIONS:

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

Subject to expenditure for specified purpose:

	2023	2022
Barbara Mayo Education Fund	\$ -	\$ 46,458
Operating Reserve Fund	-	14,117
Educational and research programs	95,000	126,600
Mayo Endangered Species Fund	-	14,930
Giese Coastal & Ocean Education Fund	-	29,004
Mayo Education Fund	-	51,274
	<u>95,000</u>	<u>282,382</u>

Endowments

Subject to appropriation and expenditure when a specified event occurs

Restricted by donors for

General use	180,863	2,394
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Perpetual in nature, earnings from which are subject to endowment spending policy and appropriations:

General use	1,310,488	1,080,000
	<u>1,491,351</u>	<u>1,082,394</u>

Perpetual in nature, not subject to spending policy or appropriations:

Beneficial interest in assets held by community foundation	12,710	11,230
	<u>\$ 1,599,061</u>	<u>\$ 1,376,006</u>

# CENTER FOR COASTAL STUDIES, INC.

## Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

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

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, 2023 and 2022:

	2023	2022
Satisfaction of purpose restrictions:		
Educational and research programs	\$ (438,382)	\$ (180,909)
	<u>\$ (438,382)</u>	<u>\$ (180,909)</u>

### NOTE M - IN-KIND CONTRIBUTIONS:

For the year ended December 31, 2023, contributed nonfinancial assets recognized within the statement of activities included the following:

	Program	Management and General	Fund-raising	Total
Materials and supplies	\$ 10,903	\$ -	\$ 940	\$ 11,843
Equipment	17,180	-	-	17,180
Advertising	5,500	-	-	5,500
Lodging	10,669	-	-	10,669
Legal	2,500	-	-	2,500
Food and entertainment for special events	-	-	47,954	47,954
Vessel and air charter services	29,775	-	-	29,775
	<u>76,527</u>	<u>-</u>	<u>48,894</u>	<u>125,422</u>
Donated auction Items	-	-	52,776	52,776
	<u>\$ 76,527</u>	<u>\$ -</u>	<u>\$ 101,670</u>	<u>\$ 178,198</u>

For the year ended December 31, 2022, contributed nonfinancial assets recognized within the statement of activities included the following:

	Program	Management and General	Fund-raising	Total
Materials and supplies	\$ 61,884	\$ -	\$ -	\$ 61,884
Equipment	65,176	-	-	65,176
Advertising	-	-	-	-
Lodging	-	-	-	-
Legal	-	-	-	-
Food and entertainment for special events	-	-	-	-
Vessel and air charter services	-	-	-	-
	<u>127,060</u>	<u>-</u>	<u>-</u>	<u>127,060</u>
Donated auction Items	-	-	35,916	35,916
	<u>\$ 127,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,976</u>



**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to Financial Statements**  
For the Years Ended December 31, 2023 and 2022

**NOTE M - IN-KIND CONTRIBUTIONS (Continued):**

Contributed food, entertainment, materials, supplies, and advertising 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, 2023 and 2022, the Center received donations of equipment with a fair value of \$17,180 and \$65,176 respectively, which were valued using estimated U.S. wholesale prices (principal market) for identical equipment.

Contributed legal services are provided by attorneys who advise the Center on various administrative legal matters. Contributed legal services are recognized at fair value based on current rates for similar legal services.

Contributed lodging is provided by local hotels to accommodate visiting scientists and internes. Contributed lodging is recognized at fair value based on current hotel rates in the area.

Contributed vessel and air charter services are provided by professionals in support of various educational and research programs. Contributed vessel and air charter services are recognized at fair value based on current rates for similar vessel and air charter services.

Donated auction items were valued at the sale price received during the auction on the day of event.

All gifts-in-kind received during the years ended December 31, 2023 and 2022 were without donor restrictions.

**NOTE N - CONTINGENCIES:**

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 - 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 \$74,294 and \$57,594 for the years ended December 31, 2023 and 2022, respectively.

**CENTER FOR COASTAL STUDIES, INC.**  
**Notes to Financial Statements**  
For the Years Ended December 31, 2023 and 2022

**NOTE P - 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, 2023 and 2022 was \$120,287 and \$98,555, respectively.

**NOTE Q - EVALUATION OF SUBSEQUENT EVENTS:**

The Center has evaluated subsequent events through June 15, 2024, 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, 2023

Federal Grantor/Pass Through Grantor and Number/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Commerce / NOAA</b>			
Pass Through MA Division of Marine Fisheries Unallied Science Programs	11.472	04-6002-284	\$ 782,331
<b>U.S. Department of Commerce / NOAA</b>			
Pass Through Massachusetts Institute of Technology See Grant Support	11.417	NA180AR4170104-22180420	21,747
<b>U.S. Department of Commerce / NOAA</b>			
Pass Through Gulf of Maine Association Marine Debris Program	11.999	NA21NOS9990124	27,449
<b>U.S. Department of Commerce / NOAA</b>			
Pass Through International Fund for Animal Welfare Federal Contracts	11.U01		8,556
<b>Direct Programs Through U.S. Department of Commerce / NOAA</b>			
Unallied Science Programs	11.472		151,378
<b>Direct Programs Through U.S. Department of Commerce / NOAA</b>			
Marine Debris Program	11.999		190,010
<b>Total U.S. Department of Commerce / NOAA</b>			1,181,470
<b>U.S. Environmental Protection Agency</b>			
Pass Through Restore America's Estuaries Geographic Programs - Southeast New England Coastal Watershed Restoration Program	66.129		34,006
<b>Total U.S. Environmental Protection Agency</b>			\$ 34,006
<b>Direct Programs Through U.S. Department of Interior / NPS</b>			
Cooperative Research and Training Programs - Resources of National Park System	15.945		237,489
<b>Total U.S. Department of Interior / NPS</b>			237,489
<b>Direct through U.S. National Science Foundation</b>			
Biological Sciences	47.074		113,697
<b>Total U.S. National Science Foundation</b>			113,697

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

**CENTER FOR COASTAL STUDIES, INC.**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023

Federal Grantor/Pass Through Grantor and Number/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Defense / ONR</b>			
Pass Through University of St. Andrews, Scotland Basic and Applied Scientific Research	12.300	18390 CCS SERDP	\$ 35,593
<b>U.S. Department of Defense / ONR</b>			
Pass Through Woods Hole Oceanographic Institute/ University of Massachusetts Boston Basic and Applied Scientific Research	12.300		36,429
<b>U.S. Department of Defense / ONR</b>			
Pass Through Duke University Basic and Applied Scientific Research	12.300		3,919
<b>U.S. Department of Defense</b>			
Pass Through Woods Hole Oceanographic Institute/ University of Massachusetts Boston Federal contracts	12.U01		(38,476)
<b>Total U.S. Department of Defense / ONR</b>			<u>37,465</u>
<b>U.S. Department of Agriculture/ NRCS</b>			
Pass Through Cape Cod Conservation District Watershed Protection and Flood Prevention	10.904	NR191320XXXXC002/S	133,025
<b>U.S. Department of Agriculture/ NRCS</b>			
Pass Through Friends of Herring River Watershed Protection and Flood Prevention	10.904		59,000
<b>Total U.S. Department of Agriculture/ NRCS</b>			<u>192,025</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,796,152</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.

If the assistance listing three-digit extension is unknown, it is assigned a "U" followed by a two-digit number (e.g., U01, U02, etc.)

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, 2023

**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, 2023. 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. Negative amounts represent adjustments in the normal course of business to amounts reported in a prior year.

**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.

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, 2023, 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 15, 2024.

**Report on Internal Control over Financial Reporting**

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 the 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 have not been 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*.

## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Sanders, Walsh & Eaton, CPAs, LLC***

Osterville, Massachusetts

June 15, 2024

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 on 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, 2023. 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, 2023.

***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 Responsibilities 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

### **Report on Internal Control Over Compliance (continued)**

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***

Osterville, Massachusetts  
June 15, 2024

**CENTER FOR COASTAL STUDIES, INC.**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2023

**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 for major federal 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:

Assistance Listing Number

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 - FINANCIAL STATEMENT FINDINGS**

None

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None