



FINANCIAL STATEMENTS

June 30, 2023 and 2022

With Independent Auditor's Report

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Maine Seacoast Mission

### Opinion

We have audited the accompanying financial statements of Maine Seacoast Mission (the Mission), which comprise the statements of financial position as of June 30, 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 the Mission as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

### Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS). 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 Mission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended June 30, 2023, the Mission adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases* (Topic 842). Our opinion is not modified with respect to that matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 the Mission'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 U.S. GAAS 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 U.S. GAAS, 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 the Mission'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 the Mission'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.

*Berry Dunn McNeil & Parker, LLC*

Bangor, Maine  
November 16, 2023

**MAINE SEACOAST MISSION**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents (Notes 2 and 13)	\$ 1,787,761	\$ 1,354,425
Cash received and held for specific projects (Note 2)	1,092,611	1,373,357
Accounts receivable (Note 2)	921	16,015
Prepaid expenses	129,334	160,112
Contributions and grants receivable, net (Notes 2 and 3)	241,197	223,295
Property and equipment, net of accumulated depreciation (Notes 2 and 4)	3,375,328	3,627,734
Right-of-use asset - operating (Notes 2 and 15)	282,047	-
Split-interest agreements (Notes 6 and 9)	571,491	606,511
Beneficial interest in perpetual trusts (Notes 5 and 9)	5,702,317	5,358,195
Investments (Notes 2, 7, 8, and 9)	<u>50,667,674</u>	<u>48,089,348</u>
 Total assets	 <u>\$ 63,850,681</u>	 <u>\$ 60,808,992</u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	\$ 147,007	\$ 252,379
Deferred revenue	104,852	85,888
Lease liability - operating (Notes 2 and 15)	338,083	-
Gift annuity payable (Note 7)	<u>8,104</u>	<u>8,500</u>
 Total liabilities	 <u>598,046</u>	 <u>346,767</u>
 Net assets		
Without donor restrictions		
Board-designated endowment funds (Note 8)	29,490,701	27,879,559
Undesignated funds	<u>5,002,168</u>	<u>4,857,402</u>
 Total net assets without donor restrictions	 34,492,869	 32,736,961
 Net assets with donor restrictions (Notes 2, 8, and 10)	 <u>28,759,766</u>	 <u>27,725,264</u>
 Total net assets	 <u>63,252,635</u>	 <u>60,462,225</u>
 Total liabilities and net assets	 <u>\$ 63,850,681</u>	 <u>\$ 60,808,992</u>

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

**MAINE SEACOAST MISSION**

**Statement of Activities**

**Year Ended June 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenue, gains, and other support			
Contributions and grants (Note 2)	\$ 1,405,248	\$ 878,202	\$ 2,283,450
Contributions of nonfinancial assets (Note 16)	124,236	-	124,236
Special events	154,418	-	154,418
Program and other	28,303	-	28,303
Investment income appropriated for operations (Notes 2 and 8)	2,357,143	-	2,357,143
Net assets released from restrictions (Note 11)	<u>1,502,795</u>	<u>(1,502,795)</u>	<u>-</u>
Total operating revenue, gains, and other support	<u>5,572,143</u>	<u>(624,593)</u>	<u>4,947,550</u>
Operating expenses			
Program	4,316,309	-	4,316,309
Management and general	421,856	-	421,856
Development and fundraising	<u>441,473</u>	<u>-</u>	<u>441,473</u>
Total operating expenses	<u>5,179,638</u>	<u>-</u>	<u>5,179,638</u>
Net operating income (Note 2)	<u>392,505</u>	<u>(624,593)</u>	<u>(232,088)</u>
Non-operating income (loss)			
Endowment contributions	-	41,300	41,300
Contributions for capital projects	-	365,415	365,415
Change in value of split-interest agreements (Note 6)	-	(35,020)	(35,020)
Change in value of beneficial interest in perpetual trusts (Note 5)	-	344,122	344,122
Net investment income, less amounts appropriated for operations (Notes 2 and 8)	<u>1,363,403</u>	<u>943,278</u>	<u>2,306,681</u>
Net non-operating income	<u>1,363,403</u>	<u>1,659,095</u>	<u>3,022,498</u>
Change in net assets	1,755,908	1,034,502	2,790,410
Net assets, beginning of year	<u>32,736,961</u>	<u>27,725,264</u>	<u>60,462,225</u>
Net assets, end of year	<u>\$ 34,492,869</u>	<u>\$ 28,759,766</u>	<u>\$ 63,252,635</u>

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

**MAINE SEACOAST MISSION**

**Statement of Activities**

**Year Ended June 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenue, gains, and other support			
Contributions and grants (Note 2)	\$ 1,507,959	\$ 1,661,430	\$ 3,169,389
Contributions of nonfinancial assets (Note 16)	108,488	-	108,488
Special events	181,808	-	181,808
Program and other	29,845	-	29,845
Investment income appropriated for operations (Notes 2 and 8)	2,123,575	-	2,123,575
Net assets released from restrictions (Note 11)	<u>1,007,140</u>	<u>(1,007,140)</u>	<u>-</u>
Total operating revenue, gains, and other support	<u>4,958,815</u>	<u>654,290</u>	<u>5,613,105</u>
Operating expenses			
Program	3,516,366	-	3,516,366
Management and general	459,335	-	459,335
Development and fundraising	<u>459,956</u>	<u>-</u>	<u>459,956</u>
Total operating expenses	<u>4,435,657</u>	<u>-</u>	<u>4,435,657</u>
Net operating income (Note 2)	<u>523,158</u>	<u>654,290</u>	<u>1,177,448</u>
Non-operating income (loss)			
Endowment contributions	-	45,568	45,568
Change in value of split-interest agreements (Note 6)	-	(33,323)	(33,323)
Change in value of beneficial interest in perpetual trusts (Note 5)	-	(1,216,672)	(1,216,672)
Net investment loss, less amounts appropriated for operations (Notes 2 and 8)	<u>(2,643,690)</u>	<u>(1,956,505)</u>	<u>(4,600,195)</u>
Net non-operating loss	<u>(2,643,690)</u>	<u>(3,160,932)</u>	<u>(5,804,622)</u>
Change in net assets	(2,120,532)	(2,506,642)	(4,627,174)
Net assets, beginning of year	<u>34,857,493</u>	<u>30,231,906</u>	<u>65,089,399</u>
Net assets, end of year	<u>\$ 32,736,961</u>	<u>\$ 27,725,264</u>	<u>\$ 60,462,225</u>

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

**MAINE SEACOAST MISSION**

**Statement of Functional Expenses**

**Year Ended June 30, 2023**

	<u>Youth Develop- ment Programs</u>	<u>Direct Service Programs</u>	<u>Island Service Programs</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Development and Fundraising</u>	<u>Total Expenses</u>
Salaries and benefits (Note 12)	\$ 944,465	\$ 284,575	\$ 466,624	\$ 1,695,664	\$ 551,396	\$ 438,992	\$ 2,686,052
Contract labor	2,000	32,369	5,863	40,232	-	-	40,232
Travel and training	52,339	36,920	10,000	99,259	17,120	5,636	122,015
Subscriptions and registrations	-	-	2,680	2,680	14,608	4,523	21,811
Utilities	-	79,938	11,621	91,559	1,999	-	93,558
Maintenance and repairs	15,710	41,798	77,826	135,334	31,486	7,045	173,865
Busing	36,426	-	-	36,426	-	-	36,426
Depreciation	14,153	53,739	279,011	346,903	13,017	-	359,920
Professional fees	406	-	5,475	5,881	86,718	56,305	148,904
Food and events	20,149	207,292	12,206	239,647	3,030	70,234	312,911
Board expense	-	-	-	-	945	-	945
Grants - scholarship program	511,010	-	-	511,010	-	-	511,010
Grants - other	-	-	14,000	14,000	-	-	14,000
Other direct program expense	84,529	197,585	121,309	403,423	8,418	3,695	415,536
Insurance	-	51,676	-	51,676	-	-	51,676
Advertising and marketing	329	-	-	329	-	70,111	70,440
Printing	-	-	-	-	2,505	31,569	34,074
Postage and shipping	-	-	-	-	4,793	6,916	11,709
Supplies	46,593	9,619	-	56,212	13,457	-	69,669
Bank fees	-	-	-	-	4,885	-	4,885
Administrative overhead	<u>288,486</u>	<u>194,230</u>	<u>103,358</u>	<u>586,074</u>	<u>(332,521)</u>	<u>(253,553)</u>	<u>-</u>
 Total expenses	 <u>\$ 2,016,595</u>	 <u>\$ 1,189,741</u>	 <u>\$ 1,109,973</u>	 <u>\$ 4,316,309</u>	 <u>\$ 421,856</u>	 <u>\$ 441,473</u>	 <u>\$ 5,179,638</u>

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

**MAINE SEACOAST MISSION**

**Statement of Functional Expenses**

**Year Ended June 30, 2022**

	Youth Development Programs	Direct Service Programs	Island Service Programs	Total Programs	Management and General	Development and Fundraising	Total Expenses
Salaries and benefits (Note 12)	\$ 834,931	\$ 315,653	\$ 452,095	\$ 1,602,679	\$ 539,523	\$ 359,882	\$ 2,502,084
Contract labor	1,600	15,425	5,000	22,025	-	11,880	33,905
Travel and training	29,784	53,732	6,674	90,190	15,883	3,218	109,291
Subscriptions and registrations	-	-	2,690	2,690	7,107	4,194	13,991
Utilities	-	70,825	2,818	73,643	1,442	-	75,085
Maintenance and repairs	13,324	52,315	40,990	106,629	37,416	4,752	148,797
Busing	41,446	-	-	41,446	-	-	41,446
Depreciation	15,170	49,185	282,352	346,707	13,017	-	359,724
Professional fees	-	-	2,789	2,789	109,701	45,837	158,327
Food and events	13,102	158,887	10,456	182,445	2,770	55,400	240,615
Board expense	-	-	-	-	1,177	-	1,177
Grants - scholarship program	164,760	-	-	164,760	-	-	164,760
Grants - other	-	-	5,000	5,000	-	-	5,000
Other direct program expense	83,302	171,001	94,491	348,794	961	5,263	355,018
Insurance	-	45,833	-	45,833	-	-	45,833
Advertising and marketing	1,289	-	-	1,289	-	83,929	85,218
Printing	-	-	-	-	794	12,124	12,918
Postage and shipping	-	-	-	-	5,635	12,259	17,894
Supplies	5,192	31,687	-	36,879	13,012	-	49,891
Bank fees	-	-	-	-	7,123	-	7,123
Administrative overhead	217,266	147,311	77,991	442,568	(296,226)	(146,342)	-
Uncollectible pledges	-	-	-	-	-	7,560	7,560
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	\$ <u>1,421,166</u>	\$ <u>1,111,854</u>	\$ <u>983,346</u>	\$ <u>3,516,366</u>	\$ <u>459,335</u>	\$ <u>459,956</u>	\$ <u>4,435,657</u>

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



**MAINE SEACOAST MISSION**

**Statements of Cash Flows**

**Year Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 2,790,410	\$ (4,627,174)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation	359,920	359,724
Net realized and unrealized (gain) loss on investments	(3,675,824)	3,314,509
Change in value of beneficial interest in perpetual trusts (Note 5)	(344,122)	1,216,672
Change in value of split-interest agreements (Note 6)	35,020	33,323
Contributions restricted for long-term purposes	(406,715)	(45,568)
(Increase) decrease in		
Accounts receivable (Note 2)	15,094	(10,598)
Prepaid expenses	30,778	(6,922)
Contributions and grants receivable (Notes 2 and 3)	44,691	(68,016)
Increase (decrease) in		
Accounts payable and accrued expenses	(49,336)	3,638
Deferred revenue	18,964	(25,877)
Gift annuity payable (Note 7)	(396)	(403)
Net cash (used) provided by operating activities	<u>(1,181,516)</u>	<u>143,308</u>
Cash flows from investing activities		
Purchases of investments	(5,838,418)	(6,242,194)
Proceeds from sale of investments	6,935,916	7,132,123
Purchase of property and equipment	(107,514)	(104,991)
Net cash provided by investing activities	<u>989,984</u>	<u>784,938</u>
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	<u>344,122</u>	<u>45,568</u>
Net cash provided by financing activities	<u>344,122</u>	<u>45,568</u>
Net increase in cash and cash equivalents	152,590	973,814
Cash and cash equivalents, beginning of year	<u>2,727,782</u>	<u>1,753,968</u>
Cash and cash equivalents, end of year	<u>\$ 2,880,372</u>	<u>\$ 2,727,782</u>
Additional disclosure:		
Cash and cash equivalents	\$ 1,787,761	\$ 1,354,425
Cash received and held for specific projects	<u>1,092,611</u>	<u>1,373,357</u>
	<u>\$ 2,880,372</u>	<u>\$ 2,727,782</u>

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

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

### 1. Purpose of Organization and Nature of Activities

The Maine Seacoast Mission (the Mission) provides youth development, health, spiritual, and outreach programs in coastal and island communities from Mid-Coast to Downeast Maine. Rooted in a history of compassionate service and mutual trust, the Mission seeks to strengthen these communities by educating youth, enabling families, and promoting healthy lifestyles.

The following is a summary of the Mission's activities:

#### Youth Development Programs

##### The EdGE

Students in grades kindergarten through twelve are helped to gain the skills they need to succeed as students and to build their character and confidence through a multi-site in-school, after-school, and summer program.

##### Scholarship Program

Grants are provided to students from island and coastal communities to enable them to attend college, technical schools, and adult education programs.

#### Direct Service Programs

##### Downeast Campus Community Outreach

People in need in Downeast Maine receive a variety of services operating out of the Downeast Campus in Cherryfield, Maine. Services include: a food pantry, a senior companion program, donor-directed fuel and crisis assistance, collaboration with visiting church groups and local residents to rebuild and weatherize local homes, access to spiritual walking trails, and arranging various community-building gatherings.

##### Christmas Program

The Mission distributed approximately 11,300 donated gifts during the Christmas season to needy individuals on the islands and in coastal communities of Hancock and Washington counties.

#### Island Service Programs

##### Island Outreach

Pastoral counseling, worship services, recreation activities, fellowship gatherings, and middle school student activities are provided to residents of off-shore islands of Mid-Coast and Downeast Maine.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

### Grants to Island Organizations

Financial grants are provided by the Mission to organizations located in island communities. The grants totaled \$10,000 during the year ended June 30, 2023.

### Island Health Services

The Mission's Island Health Service Registered Nurse (RN) and staff provide personal health visitations and access to educational and health screening clinics to island residents. The RN is able to connect island residents with health providers on the mainland through the use of "telemedicine" equipment. Telemedicine enables healthcare facilities to provide services to island patients through the use of highly technical telecommunication equipment provided by the Mission and with the assistance of the Mission's RN.

## 2. Summary of Significant Accounting Policies

### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

### Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified as follows based on the existence or absence of donor-imposed restrictions as indicated below:

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

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Mission or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

### Income Taxes

The Internal Revenue Service has determined that the Mission is exempt from taxation under Internal Revenue Code Section 501(c)(3) and, accordingly, no provision for income taxes has been reflected in these financial statements.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

### Definition of Operations

The statements of activities include net operating income. Changes in net assets, which are excluded from net operating income, include net investment gains (loss) greater than (less than) amounts appropriated for operations, investment income withdrawn for capital projects, endowment contributions and the change in value thereof, contributions for capital projects and net assets released from restriction for those projects, and the change in the value of beneficial interest in perpetual trusts and split-interest agreements.

### Cash and Cash Equivalents

The Mission considers all highly-liquid debt instruments with an original maturity of three months or less to be cash or cash equivalents. The Mission maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Mission has not experienced any losses in such accounts. The Mission believes it is not exposed to any significant risk with respect to these accounts.

Cash received and held for specific projects is restricted for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Education/Scholarships	\$ 80,135	\$ 556,053
EdGE	343,404	329,320
Downeast Campus programs	114,202	212,971
Island Outreach	8,883	6,657
Island Health Services	20,000	42,636
General	23,906	3,220
Development/Marketing	47,500	47,500
Building project campaign funds	<u>454,581</u>	<u>175,000</u>
Total cash received and held for specific projects	<u>\$ 1,092,611</u>	<u>\$ 1,373,357</u>

### Accounts, Contributions, and Grants Receivable

Accounts, contributions, and grants receivable are stated at the amount management expects to collect. As of June 30, 2023 and 2022, a general allowance has not been established. If any receivable becomes uncollectible, they will be charged to operations when that determination is made.

Credit is extended at regular terms without collateral.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

### **Property and Equipment**

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor restrictions regarding how long those donated assets must be maintained, the Mission reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Mission reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment is depreciated using the straight-line method over its estimated useful life. It is the Mission's policy to capitalize all property and equipment with cost exceeding \$2,000 and a useful life of more than one year.

### **Right-of-Use Asset and Lease Liability**

Effective July 1, 2022, the Mission adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), Topic 842, *Leases* (Topic 842). The Mission determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Mission determines these assets are leased because the Mission has the right to obtain substantially all of the economic benefit from the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Mission determines it does not have the right to control and direct the use of the identified asset. The Mission's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Mission separately identifies lease and non-lease components, such as maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities. The Mission has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease agreement.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Mission determines lease classification as operating or finance at the lease commencement date. The Mission did not have any finance leases as of June 30, 2023.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. ASC Topic 842 requires the use of the implicit rate in the lease when readily determinable. As the leases do not provide an implicit rate, the Mission elected the practical expedient to use the risk-free rate when the rate of the lease is not implicit in the lease agreement.

## MAINE SEACOAST MISSION

### Notes to Financial Statements

June 30, 2023 and 2022

The lease term may include options to extend or to terminate the lease that the Mission is reasonably certain to exercise. Lease expense for operating lease is recognized on a straight-line basis over the lease term.

The Mission has elected the short-term lease exemption and, therefore, does not record ROU assets or liabilities for leases with an initial term of 12 months or less. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Upon adoption of Topic 842, the Mission elected the package of practical expedients permitted under the transition guidance within the new standard which includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract.

Upon adoption, the Mission recognized \$324,420 as a ROU asset - operating and \$380,456 related lease liability on July 1, 2022.

Results for the period prior to July 1, 2022 continue to be reported in accordance with the Mission's historical accounting treatment for leases.

#### **Historical Collections**

The Mission maintains and protects collections of donated items of historical value related to the Mission dating back to the early 1900's. The items include an extensive hooked rugs collection, works of art, and models of each of the Sunbeam ships utilized in Island Services. The collections are utilized for occasional public displays and are being preserved for educating future generations about the history of the Mission. In accordance with the Mission's policy, these donated items have not been capitalized.

#### **Investments**

Investments are measured at fair value in the statements of financial position.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in value in the near term would materially affect the amounts reported in the statements of financial position.

#### **Contributions**

The Mission reports contributions of cash or other assets, including unconditional promises to give, in the statements of activities when the cash, unconditional promise, or other assets are received. Unconditional promises to give are reported at their net realizable value. Significant noncash contributions are recorded at their fair value at the date of receipt.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

The Mission reports contributions as support with donor restrictions if the contributions are received with donor restrictions that limit the use of the donated assets and the restrictions are not met within the same reporting period. Contributions subject to donor imposed restrictions that are met in the same reporting period are reported as support without donor restrictions. 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 Mission received 14% of the contributions from a single donor during the year ended June 30, 2023 and 15% of the contributions from a single donor during the year ended June 30, 2022.

### **Contributed Services (Unaudited)**

It is estimated that over 590 individuals during the year ended June 30, 2023 and 272 individuals during the year ended June 30, 2022 volunteered their time performing a variety of tasks that assist the Mission. The average volunteer worked approximately 17 hours during the year ended June 30, 2023 and 30 hours during the year ended June 30, 2022, which is over 10,000 and 8,100 volunteer hours over the years, respectively. These contributed services are not recognized in the financial statements as they did not meet the criteria for recognition under U.S. GAAP.

### **Functional Expenses**

The Mission allocates its expenses on a functional basis among its various programs. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Mission allocates employee salaries, payroll taxes, and benefits for the administrative and development departments, as well as professional fees paid to certain outside contractors. These costs are allocated to the various programs based on a combined percentage basis utilizing the following information related to each of the individual programs: the estimate of time and effort provided by each of the employees of the administrative and development departments and the outside contracted professionals, the total number of the program's employees, the program's development revenue raised, the units of computer hardware utilized, and the total number of accounting transactions processed. Total program expenses for the year ended June 30, 2023, excluding administrative overhead allocation of \$586,074, were \$3,730,235. Total program expenses for the year ended June 30, 2022, excluding administrative overhead allocation of \$442,568, were \$3,073,798.

### **Commitments**

As of June 30, 2023, the Mission has committed to a building project on the Cherryfield campus that includes renovating the current Downeast Campus building as well as building a new addition to the building to house the Mission's food pantry. The construction costs are projected to be \$1.25 million and the project is expected to be completed in 2024.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

### Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, the Mission has considered transactions or events occurring through November 16, 2023, which was the date that the financial statements were available to be issued.

### 3. Contributions and Grants Receivable

Contributions and grants receivable consist of unconditional promises to give toward a prior capital campaign to renovate the Sunbeam, program support, and general Mission uses. The Mission has been named in certain bequests that have not been recorded, as they have not yet been through probate. Contributions and grants receivable consist of the following:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 205,780	\$ 185,200
Between one and five years	<u>40,000</u>	<u>40,000</u>
Total contributions and grants receivable	245,780	225,200
Less discounts to net present value at 5%	<u>(4,583)</u>	<u>(1,905)</u>
Contributions and grants receivable, net	<u>\$ 241,197</u>	<u>\$ 223,295</u>

### 4. Property and Equipment

As of June 30, property and equipment consists of:

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 203,531	\$ 203,531
Building and improvements	1,612,333	1,612,333
Vehicles	199,690	93,116
Ships	3,703,133	3,703,133
Equipment	169,191	169,191
Information technology	827,587	827,587
Furniture and fixtures	260,644	260,644
Projects in process	<u>87,997</u>	<u>87,058</u>
	7,064,106	6,956,593
Less accumulated depreciation	<u>(3,688,778)</u>	<u>(3,328,859)</u>
Net property and equipment	<u>\$ 3,375,328</u>	<u>\$ 3,627,734</u>



# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

### 5. Beneficial Interest in Perpetual Trusts

The Mission is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the Mission. The Mission has legally enforceable rights or claims to such assets, including the right to income there from. The Mission has reported the fair value of the underlying trust assets, which approximates the present value of the expected future cash flows of these trusts, as the beneficial interest in perpetual trusts in the statements of financial position. Net realized gains and losses in trusts held by others are reported as changes in net assets with donor restrictions based on the Mission's interpretation of the trustees' policy on income appropriation. Appreciation in such funds is not available for expenditure by the Mission unless the separate trustees of those funds elect to appropriate it. The fair value at June 30, 2023 and 2022 of funds held in trust by others was \$5,702,317 and \$5,358,195, respectively. Income received as distributions for the years ended June 30, 2023 and 2022 of funds held in trust by others was \$178,145 and \$207,624, respectively, and are included with contributions and grants without donor restrictions in the statements of activities.

### 6. Split-Interest Agreements

The Mission is a charitable remainder beneficiary for an irrevocable charitable remainder unitrust in the amount of \$100,000, to be paid upon dissolution of the trust. Further, the Mission is the income beneficiary for two charitable lead unitrusts. Each trust pays the Mission 4% of the trust's fair market value as of January 1 of each year. The first unitrust terminates in 2029, and the second terminates in 2039. The present value of the future income stream from these trusts, using a 5% discount rate, was \$471,491 and \$506,511, respectively, at June 30, 2023 and 2022. Income distributions received from the trusts, which are restricted by the donor for the EdGE program, totaled \$70,878 and \$73,213, respectively, for the years ended June 30, 2023 and 2022, and are included in contributions and grants in the statements of activities.

### 7. Charitable Gift Annuity

In a prior year, the Mission received a contribution under a charitable gift annuity agreement. The Mission is to remit payments to the income beneficiary in various installments for the remainder of the beneficiary's life. The present value of the annuity payment liability was \$8,104 and \$8,500 at June 30, 2023 and 2022, respectively. The original amount donated under this charitable gift annuity agreement was \$25,080 and the value was \$8,288 at June 30, 2023 and \$9,711 at June 30, 2022, and is included in investments.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

### 8. Investments

Investments and investment income as of and for the years ended June 30 consist of:

	<u>2023</u>	<u>2022</u>
Cash investments	\$ 1,557,432	\$ 990,906
Domestic equity funds	17,949,484	16,266,869
International equity funds	6,823,829	6,344,836
Fixed income securities and funds	12,771,277	13,603,859
Hedge funds	2,359,326	2,285,772
Private equity funds	<u>9,206,326</u>	<u>8,597,106</u>
Total investments	<u>\$ 50,667,674</u>	<u>\$ 48,089,348</u>
Investment income appropriated for operations	\$ 2,357,143	\$ 2,123,575
Net investment income (loss) greater than (less than) amounts appropriated for operations	<u>2,306,681</u>	<u>(4,600,195)</u>
Total investment income (loss)	<u>\$ 4,663,824</u>	<u>\$ (2,476,620)</u>

At June 30, 2023 and 2022, the Mission held approximately \$13,851,629 and \$12,411,923, respectively, of its total investments in an S&P 500 Index Fund (a domestic equity fund). For the years ended June 30, 2023 and 2022, investment management and administrative fees totaled \$78,257 and \$89,247, respectively.

The Mission adopted a policy to annually allocate investment earnings to operations. As noted below, funds are invested with a goal to achieve a real (adjusted for inflation) total long-term return, net of investment management and administrative fees, of at least 5%. The Mission's policy of annual spending is not to exceed 5% of the previous twelve quarters' average balance of investments.

The long-term investment objective of the Mission is to preserve and enhance the real value of the financial assets of the Mission over time, in order to provide a sufficient rate of return for fulfilling the philanthropic purposes of the Mission. Assets are to be invested prudently in diversified investments that seek to provide total return. Investment decisions are made considering the overall portfolio, resources available, and the purpose of the endowment. To accomplish this objective, endowment funds are invested for growth in principal and income, with a goal to achieve a real (adjusted for inflation) total long-term return, net of investment management and administrative fees, of at least 5%.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

To achieve its investment objective and to control risk, the Mission's portfolio is diversified across multiple asset classes. The Mission's long-term commitment to these asset classes is as follows:

<u>Asset Class</u>	<u>Range</u>	<u>Allocation Target</u>
Investment Grade Fixed Income	5% - 35%	20%
Other Fixed Income*	0% - 19%	9%
U.S. Equity	21% - 41%	31%
Non-U.S. Equity	9% - 29%	19%
Hedge Funds	0% - 15%	5%
Private Equity	0% - 30%	15%

\* Other fixed income may include non-U.S. investment grade debt, high-yield bonds, and emerging markets debt preferred stocks.

The Mission has interpreted the State of Maine Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the contributed value of the donor-restricted endowment funds, absent explicit donor restrictions to the contrary. As a result of this interpretation, the Mission classifies as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. If the donor-restricted endowment assets earn investment returns beyond these amounts, that excess is available for appropriation and, therefore, classified as net assets with donor restrictions until appropriated by the Board of Directors for expenditure. Funds designated by the Board of Directors to function as endowments are classified as net assets without donor restrictions. Funds designated by the Board of Directors are maintained for general operating reserves, scholarships, the Sunbeam, EdGE and the Island Health program.

The Board of Directors had designated funds for the following purposes:

	<u>2023</u>	<u>2022</u>
Sunbeam	\$ 1,646,328	\$ 1,561,228
Island Health	1,363,641	1,301,437
Education/Scholarships	1,206,459	1,151,335
EdGE	3,172,239	3,027,533
General	<u>22,102,034</u>	<u>20,838,026</u>
Total	\$ <u>29,490,701</u>	\$ <u>27,879,559</u>

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Mission to retain as a fund of perpetual duration. The current Mission policy allows for continued spending of underwater funds. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies at June 30, 2023. Deficiencies were \$12,033 at June 30, 2022.

The endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Donor-restricted endowment funds	\$ -	\$ 21,168,686	\$ 21,168,686
Board-designated endowment funds	<u>29,490,701</u>	<u>-</u>	<u>29,490,701</u>
Total	<u>\$ 29,490,701</u>	<u>\$ 21,168,686</u>	<u>\$ 50,659,387</u>

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Endowment net assets, beginning of year	\$ 27,879,559	\$ 20,200,077	\$ 48,079,636
Net investment income	2,651,554	1,946,310	4,597,864
Additions to endowment assets	297,730	41,300	339,030
Appropriation of endowment assets for expenditure	<u>(1,338,142)</u>	<u>(1,019,001)</u>	<u>(2,357,143)</u>
Endowment net assets, end of year	<u>\$ 29,490,701</u>	<u>\$ 21,168,686</u>	<u>\$ 50,659,387</u>

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

The endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 20,200,077	\$ 20,200,077
Board-designated endowment funds	<u>27,879,559</u>	<u>-</u>	<u>27,879,559</u>
Total	<u>\$ 27,879,559</u>	<u>\$ 20,200,077</u>	<u>\$ 48,079,636</u>

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 30,171,117	\$ 22,111,014	\$ 52,282,131
Net investment loss	(1,425,542)	(1,053,793)	(2,479,335)
Additions to endowment assets	354,847	45,568	400,415
Appropriation of endowment assets for expenditure	<u>(1,220,863)</u>	<u>(902,712)</u>	<u>(2,123,575)</u>
Endowment net assets, end of year	<u>\$ 27,879,559</u>	<u>\$ 20,200,077</u>	<u>\$ 48,079,636</u>

### 9. Assets at Fair Value

FASB ASC Topic 820, *Fair Value Measurement*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC Topic 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets measured at fair value on a recurring basis as of June 30, 2023 are summarized below:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in perpetual trusts	\$ 5,702,317	\$ -	\$ -	\$ 5,702,317
Split-interest agreements	571,491	-	571,491	-
Domestic equity funds	17,949,484	15,695,014	-	2,254,470
International equity funds	6,823,829	6,823,829	-	-
Fixed income funds	4,400,876	4,400,876	-	-
Cash and cash equivalents	1,557,434	1,557,434	-	-
U.S. Government fixed income (TIPS)	8,370,401	8,370,401	-	-
Hedge fund*	<u>2,359,326</u>	<u>-</u>	<u>2,359,326</u>	<u>-</u>
	47,735,158	\$ <u>36,847,554</u>	\$ <u>2,930,817</u>	\$ <u>7,956,787</u>
Assets measured at net asset value (NAV)	<u>9,206,326</u>			
Total assets measured at fair value on a recurring basis	\$ <u>56,941,484</u>			

**MAINE SEACOAST MISSION**

**Notes to Financial Statements**

**June 30, 2023 and 2022**

Assets measured at fair value on a recurring basis as of June 30, 2022 are summarized below:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficiary interest in perpetual trusts	\$ 5,358,195	\$ -	\$ -	\$ 5,358,195
Split-interest agreements	606,511	-	606,511	-
Domestic equity funds	16,266,869	14,186,305	-	2,080,564
International equity funds	6,344,836	6,344,836	-	-
Fixed income funds	4,282,156	4,282,156	-	-
Cash and cash equivalents	990,906	990,906	-	-
U.S. Government fixed income (TIPS)	9,321,703	9,321,703	-	-
Hedge fund*	<u>2,285,772</u>	<u>-</u>	<u>2,285,772</u>	<u>-</u>
	45,456,948	<u>\$ 35,125,906</u>	<u>\$ 2,892,283</u>	<u>\$ 7,438,759</u>
Assets measured at NAV	<u>8,597,106</u>			
Total assets measured at fair value on a recurring basis	<u>\$ 54,054,054</u>			

\*The hedge fund may be redeemed quarterly.

A rollforward of level 3 changes is as follows:

	Beneficial Interest in Perpetual Trusts	Domestic Equity Funds
Level 3 value at June 30, 2021	\$ <u>6,574,867</u>	\$ <u>2,294,708</u>
Decrease in value, net of distributions	<u>(1,216,672)</u>	<u>(214,144)</u>
Level 3 value at June 30, 2022	<u>5,358,195</u>	<u>2,080,564</u>
Increase in value, net of distributions	<u>344,122</u>	<u>173,906</u>
Level 3 value at June 30, 2023	\$ <u>5,702,317</u>	\$ <u>2,254,470</u>

Level 3 beneficial interest in perpetual trusts and Level 2 split-interest agreements are valued based on the fair value of the underlying investments held by the trusts. Level 3 domestic equity funds are mutual funds that can be liquidated daily, valued using a proprietary method. U.S. government fixed income (TIPS) are valued based on quoted market prices for similar instruments.

## MAINE SEACOAST MISSION

### Notes to Financial Statements

**June 30, 2023 and 2022**

The Mission invests in certain entities that calculate NAV per share in accordance with FASB guidance relative to investment companies and these investments are reported at fair value based on the NAV per share as reported by the investee. Investments measured at NAV are not classified by level, as they meet the criteria for the exception to fair value classification. The Mission reviews and evaluates the valuations provided by the investment managers and believes that these valuations are a reasonable estimate of fair value at June 30, 2023 and 2022, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed.

The following includes a summary of fair values, redemption features, and future commitments related to investments for which estimated fair value was based upon NAV, capital account, or other valuation procedures as of June 30, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Periods</u>
Private equity fund	\$ 612,193	\$ 513,808	N/A	N/A
Private equity fund	838,468	430,787	N/A	N/A
Private equity fund	42,500	1,372,000	N/A	N/A
Private equity fund	314,332	79,094	N/A	N/A
Private equity fund	893,500	281,444	N/A	N/A
Private equity fund	226,694	960,000	N/A	N/A
Private equity fund	-	400,000	N/A	N/A
Private equity fund	85,168	-	N/A	N/A
Private equity fund - 2014	796,320	141,308	N/A	N/A
Private equity fund - 2015	963,203	290,858	N/A	N/A
Private equity fund - 2016	1,149,637	259,693	N/A	N/A
Private equity fund - 2017	1,279,204	250,626	N/A	N/A
Private equity fund - 2018	660,256	135,774	N/A	N/A
Private equity fund - 2019	648,132	176,950	N/A	N/A
Private equity fund - 2020	419,645	285,564	N/A	N/A
Private equity fund - 2021	279,537	403,098	N/A	N/A
Private equity fund - 2022	(2,463)	800,000	N/A	N/A
Private equity fund - 2023	<u>-</u>	<u>600,000</u>	N/A	N/A
	<u>\$ 9,206,326</u>	<u>\$ 7,381,004</u>		

N/A = not applicable



# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

The private equity funds are diversified U.S. and non U.S. private equity portfolios, which may include venture capital, buyout, and mezzanine assets through the secondary market, private equity limited partnership interests, and minority positions in direct private equity investments. The private equity funds are to be held for 10-15 years unless sold on the secondary market. A private equity fund typically receives capital over the first half of the life of the fund. Funds tend to distribute capital during the final years of a fund's life. Early in the life of a private equity program, there will be net contributions. As the collective private equity investments mature, distributions should offset contributions to new private equity funds. Generally, investments in these private equity funds will be held until the partnership terminates, unless, at the general partner's discretion, written consent is given to allow an investor to withdraw.

### 10. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of June 30:

	<u>2023</u>	<u>2022</u>
Restricted as to time or purpose		
Education/Scholarships	\$ 1,983,403	\$ 2,316,367
EdGE	2,119,669	1,664,422
Downeast Campus programs	621,485	665,032
Colket fund	83,737	-
Island Services	29,523	23,038
Island Health	171,522	99,224
Sunbeam	678	534
General funds subject to board appropriation	1,141,916	1,065,631
Development/Marketing	47,500	47,500
Building project campaign funds	541,415	175,000
Split-interest agreements - EdGE	<u>571,491</u>	<u>606,511</u>
Total net assets restricted as to time or purpose	<u>7,312,339</u>	<u>6,663,259</u>
Net assets with donor restrictions of perpetual duration		
Education/Scholarships	1,775,717	1,734,717
EdGE	10,468,600	10,468,600
Colket fund	2,000,000	2,000,000
Island Services	77,618	77,368
Island Health	933,514	933,514
Sunbeam	2,468	2,468
General funds, income subject to board appropriation	487,193	487,143
Beneficial interest in perpetual trusts	<u>5,702,317</u>	<u>5,358,195</u>
Total net assets with donor restrictions of perpetual duration	<u>21,447,427</u>	<u>21,062,005</u>
Total net assets with donor restrictions	<u>\$ 28,759,766</u>	<u>\$ 27,725,264</u>

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

### 11. Net Assets Released From Restrictions

Net assets released from restrictions due to donor-imposed restrictions being met and other reclassifications consisted of the following:

	<u>2023</u>	<u>2022</u>
Education/Scholarships	\$ 495,919	\$ 129,705
EdGE	562,231	458,263
Downeast Campus programs	253,009	253,220
Island Health	176,636	123,035
Island Services	-	64
General funds	15,000	25,000
Development/Marketing	<u>-</u>	<u>17,853</u>
Total net assets released from restrictions - operating	<u>\$ 1,502,795</u>	<u>\$ 1,007,140</u>

### 12. Retirement Plan

The Mission has established a defined contribution retirement plan, which covers employees working at least 35 hours per week. Mission contributions are made at 14% of gross wages for ministers. The Mission contribution for lay employees is 5% if the lay employee makes a voluntary contribution of at least 2.5%. Mission retirement contributions totaled \$82,932 and \$81,639 for the years ended June 30, 2023 and 2022, respectively.

### 13. Related Party Transactions

The Mission maintains cash and cash equivalents with Bar Harbor Bank and Trust (BHBT). The Chief Financial Officer of BHBT was a member of the Mission's Board of Directors during the years ended June 30, 2023 and 2022. Cash and cash equivalents maintained at BHBT were approximately 18% and 14% of total cash and cash equivalents at June 30, 2023 and 2022, respectively.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2023 and 2022

### 14. Liquidity and Availability of Resources

	<u>2023</u>	<u>2022</u>
Total financial assets	\$ <u>60,063,972</u>	\$ <u>56,981,146</u>
Less: Financial assets with donor-imposed restrictions:		
Cash received and held for specific projects	1,092,611	1,373,357
Donor restricted endowments, less amounts appropriated for the next 12 months	20,153,000	19,217,000
Gift annuities	8,288	9,711
Split interest agreements	571,491	606,511
Beneficial interest in perpetual trust	<u>5,702,317</u>	<u>5,358,195</u>
Total financial assets with donor-imposed restrictions	<u>27,527,707</u>	<u>26,564,774</u>
Net financial assets after donor-imposed restrictions	32,536,265	30,416,372
Internal designations:		
Amounts set aside for liquidity reserve	759,943	501,613
Quasi-endowments, less amounts appropriated for the next 12 months	<u>27,296,528</u>	<u>26,521,833</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,479,794</u>	<u>\$ 3,392,926</u>

The Mission receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

The Mission manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. The Mission has a liquidity policy to maintain current financial assets, less current liabilities at a minimum of 30 days operating expenses, which are, on average, approximately \$400,000. The Mission has a policy to target a year-end balance of reserves of undesignated net assets at 15 to 30 days of expected expenditures. To achieve these targets, the Mission forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended June 30, 2023 and 2022, the level of liquidity and reserves was managed within the policy requirements.

Although the Mission does not intend to spend from its board-designated quasi-endowments, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, additional amounts could be made available if necessary.

**MAINE SEACOAST MISSION**

**Notes to Financial Statements**

**June 30, 2023 and 2022**

**15. Leases**

The Mission has entered the following lease agreement:

Operating Lease

The Mission leases certain office space for administrative purposes under an operating lease agreement expiring in fiscal year 2031.

Lease Cost

The following table summarizes the Mission's lease related costs for the year ended June 30, 2023:

Operating lease cost	\$ <u>52,200</u>
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Other Information - Operating Lease

Cash paid for amounts included in the measurement of lease liabilities:	\$52,740
Weighted average remaining term:	7.09 years
Weighted-average discount rate:	2.91%

Future Minimum Lease Payments and Reconciliation to the Statement of Financial Position

Future minimum payments due under the Mission's noncancelable operating lease agreement as of June 30, 2023 are as follows:

2024	\$ 52,740
2025	52,740
2026	52,740
2027	52,740
2028	52,740
Thereafter	<u>109,875</u>
Total future undiscounted lease payments	373,575
Less present value discount	<u>35,492</u>
Total lease liability	\$ <u>338,083</u>

**MAINE SEACOAST MISSION**

**Notes to Financial Statements**

**June 30, 2023 and 2022**

The lease agreement defers payment to future periods. The difference between rent expense and payments made under the lease are reflected as deferred rent payable. Deferred rent payable totaled \$63,947 as of June 30, 2022.

**16. Contributed Nonfinancial Assets**

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included donations to the food pantry to fight food insecurity, valued at \$124,236 and \$108,488, respectively. Food pantry donations are recognized at an average price per pound of \$1.70 as calculated by the donor for 2023 and 2022, respectively. Contributed nonfinancial assets did not have donor-imposed restrictions.