



FINANCIAL STATEMENTS

June 30, 2024 and 2023

With Independent Auditor's Report



BDMP Assurance, LLP

## 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 statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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, 2024 and 2023, and the changes in its net assets and its cash flows for the year 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.

### Prior Period Financial Statements

The financial statements of the Mission as of June 30, 2023 were audited by Berry, Dunn, McNeil & Parker, LLC whose report dated November 16, 2023 expressed an unmodified opinion on those statements.

### 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.

*BSPM Assurance, LLP*

Bangor, Maine  
February 12, 2025

**MAINE SEACOAST MISSION**  
**Statements of Financial Position**  
**June 30, 2024 and 2023**

**ASSETS**

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents (Notes 2 and 13)	\$ 798,096	\$ 1,787,761
Cash received and held for specific projects (Note 2)	1,705,697	1,092,611
Accounts receivable (Note 2)	4,004	921
Prepaid expenses	131,788	129,334
Contributions and grants receivable, net (Notes 2 and 3)	178,613	241,197
Property and equipment, net (Notes 2 and 4)	4,612,832	3,375,328
Right-of-use asset – operating (Notes 2 and 15)	239,158	282,047
Split-interest agreements (Notes 6, 9 and 10)	534,686	571,491
Beneficial interest in perpetual trusts (Notes 5, 9 and 10)	6,185,444	5,702,317
Investments (Notes 2, 7, 8, 9, and 10)	<u>55,302,542</u>	<u>50,667,674</u>
Total assets	<u>\$ 69,692,860</u>	<u>\$ 63,850,681</u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	\$ 488,186	\$ 147,007
Deferred revenue	59,757	104,852
Lease liability – operating (Notes 2 and 15)	295,194	338,083
Gift annuity payable (Note 7)	<u>7,716</u>	<u>8,104</u>
Total liabilities	<u>850,853</u>	<u>598,046</u>
Net assets		
Without donor restrictions		
Board-designated endowment funds (Note 8)	31,561,608	29,490,701
Undesignated funds	<u>6,064,072</u>	<u>5,002,168</u>
Total net assets without donor restrictions	<u>37,625,680</u>	34,492,869
With donor restrictions (Notes 2, 8, and 10)	<u>31,216,327</u>	<u>28,759,766</u>
Total net assets	<u>68,842,007</u>	<u>63,252,635</u>
Total liabilities and net assets	<u>\$ 69,692,860</u>	<u>\$ 63,850,681</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, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenue, gains, and other support			
Contributions and grants (Note 2)	\$ 1,578,679	\$ 2,728,111	\$ 4,306,790
Contributions of nonfinancial assets (Note 16)	113,795	-	113,795
Special events	135,607	-	135,607
Loss on sale of property and equipment	(137,492)	-	(137,492)
Program and other	29,050	-	29,050
Investment income appropriated for operations (Notes 2 and 8)	2,428,837	-	2,428,837
Net assets released from restrictions (Note 11)	<u>1,685,208</u>	<u>(1,685,208)</u>	<u>-</u>
Total operating revenue, gains, and other support	<u>5,833,684</u>	<u>1,042,903</u>	<u>6,876,587</u>
Operating expenses			
Program	4,735,537	-	4,735,537
Management and general	418,611	-	418,611
Development and fundraising	<u>418,491</u>	<u>-</u>	<u>418,491</u>
Total operating expenses	<u>5,572,639</u>	<u>-</u>	<u>5,572,639</u>
Change in net assets from operations (Note 2)	<u>261,045</u>	<u>1,042,903</u>	<u>1,303,948</u>
Non-operating income (loss)			
Net assets released from restrictions – capital projects (Note 11)	692,980	(692,980)	-
Endowment contributions	-	20,000	20,000
Contributions for capital projects	-	106,245	106,245
Change in value of split-interest agreements (Note 6)	-	(36,805)	(36,805)
Change in value of beneficial interest in perpetual trusts (Note 5)	-	483,127	483,127
Net investment income, less amounts appropriated for operations (Notes 2 and 8)	<u>2,178,786</u>	<u>1,534,071</u>	<u>3,712,857</u>
Net non-operating income	<u>2,871,766</u>	<u>1,413,658</u>	<u>4,285,424</u>
Change in net assets	3,132,811	2,456,561	5,589,372
Net assets, beginning of year	<u>34,492,869</u>	<u>28,759,766</u>	<u>63,252,635</u>
Net assets, end of year	<u>\$ 37,625,680</u>	<u>\$ 31,216,327</u>	<u>\$ 68,842,007</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>
Change in net assets from operations (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 Functional Expenses**  
**Year Ended June 30, 2024**

	<u>Youth Develop- ment Programs</u>	<u>Direct Service Programs</u>	<u>Island Service Programs</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Development and Fundraising</u>	<u>Total</u>
Salaries and benefits (Note 12)	\$ 1,039,941	\$ 252,612	\$ 527,034	\$ 1,819,587	\$ 590,389	\$ 452,741	\$ 2,862,717
Contract labor	2,680	38,411	6,483	47,574	-	-	47,574
Travel and training	67,018	14,312	10,669	91,999	17,798	7,557	117,354
Subscriptions and registrations	-	-	3,392	3,392	11,661	2,086	17,139
Utilities	-	83,704	3,020	86,724	1,411	-	88,135
Maintenance and repairs	19,264	36,281	79,109	134,654	37,365	10,758	182,777
Busing	37,887	-	-	37,887	-	-	37,887
Depreciation	23,197	60,965	267,815	351,977	11,371	-	363,348
Professional fees	121	-	200	321	121,091	53,751	175,163
Food and events	25,005	203,705	13,108	241,818	3,542	49,711	295,071
Board expense	-	-	-	-	2,210	-	2,210
Grants – scholarship program	840,390	-	-	840,390	-	-	840,390
Grants – other	-	-	14,000	14,000	-	-	14,000
Other direct program expense	106,955	111,792	109,840	328,587	-	1,004	329,591
Insurance	-	60,279	-	60,279	-	-	60,279
Advertising and marketing	490	-	-	490	-	50,791	51,281
Printing	-	-	-	-	3,077	29,389	32,466
Postage and shipping	-	-	-	-	4,531	8,871	13,402
Supplies	13,601	9,323	-	22,924	15,043	-	37,967
Bank fees	-	-	-	-	3,688	-	3,688
Administrative overhead	347,608	142,236	163,090	652,934	(404,566)	(248,368)	-
Uncollectible pledges	-	-	-	-	-	200	200
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total operating expenses	<u>\$ 2,524,157</u>	<u>\$ 1,013,620</u>	<u>\$ 1,197,760</u>	<u>\$ 4,735,537</u>	<u>\$ 418,611</u>	<u>\$ 418,491</u>	<u>\$ 5,572,639</u>

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

**MAINE SEACOAST MISSION**

**Statement of Functional Expenses**

**Year Ended June 30, 2023**

	Youth Development Programs	Direct Service Programs	Island Service Programs	Total Program	Management and General	Development and Fundraising	Total
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>
<b>Total operating expenses</b>	<b><u>\$ 2,016,595</u></b>	<b><u>\$ 1,189,741</u></b>	<b><u>\$ 1,109,973</u></b>	<b><u>\$ 4,316,309</u></b>	<b><u>\$ 421,856</u></b>	<b><u>\$ 441,473</u></b>	<b><u>\$ 5,179,638</u></b>

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



**MAINE SEACOAST MISSION**

**Statements of Cash Flows**

**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 5,589,372	\$ 2,790,410
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	363,348	359,920
Net realized and unrealized gain on investments	(5,114,612)	(3,675,824)
Loss on sale of property and equipment	137,492	-
Change in value of beneficial interest in perpetual trusts (Note 5)	(483,127)	(344,122)
Change in value of split-interest agreements (Note 6)	36,805	35,020
Contributions restricted for long-term purposes	(126,245)	(406,715)
(Increase) decrease in		
Accounts receivable (Note 2)	(3,083)	15,094
Prepaid expenses	(2,454)	30,778
Contributions and grants receivable (Notes 2 and 3)	(294,298)	44,691
Increase (decrease) in		
Accounts payable and accrued expenses	(36,513)	(49,336)
Deferred revenue	(45,095)	18,964
Gift annuity payable (Note 7)	(388)	(396)
Net cash provided (used) by operating activities	<u>21,202</u>	<u>(1,181,516)</u>
Cash flows from investing activities		
Purchases of investments	(7,062,514)	(5,838,418)
Proceeds from sale of investments	7,542,258	6,935,916
Purchase of property and equipment	(1,362,952)	(107,514)
Proceeds from sale of property and equipment	2,300	-
Net cash (used) provided by investing activities	<u>(880,908)</u>	<u>989,984</u>
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	483,127	344,122
Net cash provided by financing activities	<u>483,127</u>	<u>344,122</u>
Net (decrease) increase in cash and cash equivalents	(376,579)	152,590
Cash and cash equivalents, beginning of year	<u>2,880,372</u>	<u>2,727,782</u>
Cash and cash equivalents, end of year	<u>\$ 2,503,793</u>	<u>\$ 2,880,372</u>
Additional disclosure:		
Cash and cash equivalents	\$ 798,096	\$ 1,787,761
Cash received and held for specific projects	<u>1,705,697</u>	<u>1,092,611</u>
	<u>\$ 2,503,793</u>	<u>\$ 2,880,372</u>
Noncash transactions		
Property and equipment in accounts payable and accrued expenses at year-end	<u>\$ 377,692</u>	<u>\$ -</u>

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

**MAINE SEACOAST MISSION**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

**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 9,100 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, 2024 and 2023

### Grants to Island Organizations

Financial grants are provided by the Mission to organizations located in island communities. The grants totaled \$10,000 during the years ended June 30, 2024 and 2023, respectively.

### 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, 2024 and 2023

### Definition of Operations

The statements of activities include changes in net assets from operations. Changes in net assets, which are excluded from changes in net assets from operations, 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>2024</u>	<u>2023</u>
Education/Scholarships	\$ 1,176,871	\$ 80,135
EdGE	217,158	343,404
Downeast Campus programs	130,377	114,202
Island Outreach	48,791	8,883
Island Health Services	85,000	20,000
General	-	23,906
Development/Marketing	47,500	47,500
Building project campaign funds	<u>-</u>	<u>454,581</u>
Total cash received and held for specific projects	<u>\$ 1,705,697</u>	<u>\$ 1,092,611</u>

### Accounts, Contributions, and Grants Receivable

Accounts, contributions, and grants receivable are stated at the amount management expects to collect. As of June 30, 2024 and 2023, a general allowance for expected credit losses 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.

Effective July 1, 2023, the Mission adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 326, *Financial Instruments – Credit Losses*. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Mission that are subject to FASB ASC Topic 326 include accounts receivable. The adoption of FASB ASC Topic 326 did not have a material impact on the Mission's financial statements.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2024 and 2023

### **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 FASB 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 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 statements 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, 2024 or 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. FASB 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, 2024 and 2023

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.

#### **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.

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 51% of the contributions from two donors during the year ended June 30, 2024 and 14% of the contributions from a single donor during the year ended June 30, 2023.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2024 and 2023

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

It is estimated that 598 individuals during the year ended June 30, 2024 and over 590 individuals during the year ended June 30, 2023 volunteered their time performing a variety of tasks that assist the Mission. The average volunteer worked approximately 23 hours during the year ended June 30, 2024 and 17 hours during the year ended June 30, 2023, which is over 13,500 and 10,000 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, 2024, excluding management and general, and development and fundraising allocation of \$652,934, were \$4,082,603. Total program expenses for the year ended June 30, 2023, excluding management and general, and development and fundraising allocation of \$586,074, were \$3,730,235.

### **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 February 12, 2025, which was the date that the financial statements were available to be issued.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2024 and 2023

### 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>2024</u>	<u>2023</u>
Within one year	\$ 143,600	\$ 205,780
Between one and five years	<u>40,500</u>	<u>40,000</u>
Total contributions and grants receivable	184,100	245,780
Less discounts to net present value at 5%	<u>(5,487)</u>	<u>(4,583)</u>
Contributions and grants receivable, net	<u>\$ 178,613</u>	<u>\$ 241,197</u>

### 4. Property and Equipment

Property and equipment consists of as of June 30:

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 361,002	\$ 203,531
Building and improvements	3,128,529	1,612,333
Vehicles	195,902	199,690
Ships	3,592,038	3,703,133
Equipment	141,219	169,191
Information technology	90,550	827,587
Furniture and fixtures	59,943	260,644
Projects in process	<u>-</u>	<u>87,997</u>
	7,569,183	7,064,106
Less accumulated depreciation	<u>(2,956,351)</u>	<u>(3,688,778)</u>
Property and equipment, net	<u>\$ 4,612,832</u>	<u>\$ 3,375,328</u>



# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2024 and 2023

### 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, 2024 and 2023 of funds held in trust by others was \$6,185,444 and \$5,702,317, respectively. Income received as distributions for the years ended June 30, 2024 and 2023 of funds held in trust by others was \$152,130 and \$178,145, 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 \$434,686 and \$471,491, respectively, at June 30, 2024 and 2023. Income distributions received from the trusts, which are restricted by the donor for the EdGE program, totaled \$83,387 and \$70,878, respectively, for the years ended June 30, 2024 and 2023, 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 \$7,716 and \$8,104 at June 30, 2024 and 2023, respectively. The original amount donated under this charitable gift annuity agreement was \$25,080 and the value was \$7,478 at June 30, 2024 and \$8,288 at June 30, 2023, and is included in investments.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2024 and 2023

### 8. Investments

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

	<u>2024</u>	<u>2023</u>
Cash investments	\$ 1,844,160	\$ 1,557,432
Domestic equity funds	19,122,104	17,949,484
International equity funds	7,276,600	6,823,829
Fixed income securities and funds	14,577,616	12,771,277
Hedge funds	2,614,371	2,359,326
Private equity funds	<u>9,867,691</u>	<u>9,206,326</u>
Total investments	<u>\$ 55,302,542</u>	<u>\$ 50,667,674</u>
Investment income appropriated for operations	\$ 2,428,837	\$ 2,357,143
Net investment income, net of fees, greater than amounts appropriated for operations	<u>3,712,857</u>	<u>2,306,681</u>
Total investment income	<u>\$ 6,141,694</u>	<u>\$ 4,663,824</u>

At June 30, 2024 and 2023, the Mission held approximately \$15,840,247 and \$13,851,629, respectively, of its total investments in an S&P 500 Index Fund (a domestic equity fund). For the years ended June 30, 2024 and 2023, investment management and administrative fees totaled \$80,284 and \$78,257, 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, 2024 and 2023

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>2024</u>	<u>2023</u>
Sunbeam	\$ 1,763,444	\$ 1,646,328
Island Health	1,460,648	1,363,641
Education/Scholarships	1,787,663	1,206,459
EdGE	3,397,906	3,172,239
General	<u>23,151,947</u>	<u>22,102,034</u>
Total	<u>\$ 31,561,608</u>	<u>\$ 29,490,701</u>

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 as of June 30, 2024 or 2023.

**MAINE SEACOAST MISSION**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

The endowment net asset composition by type of fund as of June 30, 2024 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	\$ -	\$ 23,722,757	\$ 23,722,757
Board-designated endowment funds	<u>31,561,608</u>	<u>-</u>	<u>31,561,608</u>
Total	<u>\$ 31,561,608</u>	<u>\$ 23,722,757</u>	<u>\$ 55,284,365</u>

Changes in endowment net assets for the year ended June 30, 2024 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	\$ 29,490,701	\$ 21,168,686	\$ 50,659,387
Net investment income	3,470,411	2,556,295	6,026,706
Additions to endowment assets	7,109	1,020,000	1,027,109
Appropriation of endowment assets for expenditure	<u>(1,406,613)</u>	<u>(1,022,224)</u>	<u>(2,428,837)</u>
Endowment net assets, end of year	<u>\$ 31,561,608</u>	<u>\$ 23,722,757</u>	<u>\$ 55,284,365</u>

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>

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2024 and 2023

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

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
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>

### 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.

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.

**MAINE SEACOAST MISSION**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

Assets measured at fair value on a recurring basis as of June 30, 2024 are summarized below:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in perpetual trusts	\$ 6,185,444	\$ -	\$ -	\$ 6,185,444
Split-interest agreements	534,686	-	534,686	-
Domestic equity funds	19,122,104	16,636,970	-	2,485,134
International equity funds	7,276,600	7,276,600	-	-
Fixed income funds	9,696,752	9,696,752	-	-
Cash and cash equivalents	1,844,160	1,844,160	-	-
U.S. Government fixed income (TIPS)	4,880,863	2,440,453	2,440,410	-
Hedge fund*	<u>2,614,371</u>	<u>-</u>	<u>2,614,371</u>	<u>-</u>
	<b>52,154,980</b>	<b>\$ <u>37,894,935</u></b>	<b>\$ <u>5,589,467</u></b>	<b>\$ <u>8,670,578</u></b>
Assets measured at net asset value (NAV)	<u>9,867,691</u>			
Total assets measured at fair value on a recurring basis	<b>\$ <u>62,022,671</u></b>			

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>
Beneficiary 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	6,169,953	2,200,448	-
Hedge fund*	<u>2,359,326</u>	<u>-</u>	<u>2,359,326</u>	<u>-</u>
	47,735,158	<b>\$ <u>34,647,106</u></b>	<b>\$ <u>5,131,265</u></b>	<b>\$ <u>7,956,787</u></b>
Assets measured at NAV	<u>9,206,326</u>			
Total assets measured at fair value on a recurring basis	<b>\$ <u>56,941,484</u></b>			

\* The hedge fund may be redeemed quarterly.

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2024 and 2023

A rollforward of level 3 changes is as follows:

	Beneficial Interest in Perpetual <u>Trusts</u>	<u>Domestic Equity Funds</u>
Level 3 value at June 30, 2022	\$ 5,358,195	\$ 2,080,564
Increase in value, net of distributions	<u>344,122</u>	<u>173,906</u>
Level 3 value at June 30, 2023	5,702,317	2,254,470
<b>Increase in value, net of distributions</b>	<b><u>483,127</u></b>	<b><u>230,664</u></b>
<b>Level 3 value at June 30, 2024</b>	<b><u>\$ 6,185,444</u></b>	<b><u>\$ 2,485,134</u></b>

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.

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, 2024 and 2023, 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.

## MAINE SEACOAST MISSION

### Notes to Financial Statements

June 30, 2024 and 2023

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, 2024:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Periods</u>
Private equity fund	\$ 544,260	\$ 518,555	N/A	N/A
Private equity fund	865,373	498,376	N/A	N/A
Private equity fund	292,986	1,212,680	N/A	N/A
Private equity fund	254,397	142,668	N/A	N/A
Private equity fund	859,013	339,325	N/A	N/A
Private equity fund	522,839	708,383	N/A	N/A
Private equity fund	7,748	390,000	N/A	N/A
Private equity fund	11,518	-	N/A	N/A
Private equity fund – 2014	643,674	144,041	N/A	N/A
Private equity fund – 2015	838,007	296,889	N/A	N/A
Private equity fund – 2016	1,098,220	215,579	N/A	N/A
Private equity fund – 2017	1,388,308	204,509	N/A	N/A
Private equity fund – 2018	743,782	135,774	N/A	N/A
Private equity fund – 2019	751,455	137,582	N/A	N/A
Private equity fund – 2020	535,800	184,003	N/A	N/A
Private equity fund – 2021	428,697	294,715	N/A	N/A
Private equity fund – 2022	80,991	700,151	N/A	N/A
Private equity fund – 2023	623	600,000	N/A	N/A
Private equity fund – 2024	<u>-</u>	<u>1,100,000</u>	N/A	N/A
	<u>\$ 9,867,691</u>	<u>\$ 7,823,230</u>		

N/A = not applicable

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.



**MAINE SEACOAST MISSION**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

**10. Net Assets With Donor Restrictions**

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

	<u>2024</u>	<u>2023</u>
Restricted as to time or purpose		
Education/Scholarships	\$ 3,370,618	\$ 1,983,403
EdGE	2,826,311	2,119,669
Downeast Campus programs	638,458	621,485
Colket fund	231,970	83,737
Island Services	76,671	29,523
Island Health	291,110	171,522
Sunbeam	902	678
General funds, subject to board appropriation	1,247,547	1,141,916
Development/Marketing	47,500	47,500
Building project campaign funds	-	541,415
Split-interest agreements – EdGE	<u>534,686</u>	<u>571,491</u>
Total net assets restricted as to time or purpose	<u>9,265,773</u>	<u>7,312,339</u>
Net assets with donor restrictions of perpetual duration		
Education/Scholarships	1,795,717	1,775,717
EdGE	10,468,600	10,468,600
Colket fund	2,000,000	2,000,000
Island Services	77,618	77,618
Island Health	933,514	933,514
Sunbeam	2,468	2,468
General funds, income subject to board appropriation	487,193	487,193
Beneficial interest in perpetual trusts	<u>6,185,444</u>	<u>5,702,317</u>
Total net assets with donor restrictions of perpetual duration	<u>21,950,554</u>	<u>21,447,427</u>
Total net assets with donor restrictions	<u>\$ 31,216,327</u>	<u>\$ 28,759,766</u>

# MAINE SEACOAST MISSION

## Notes to Financial Statements

June 30, 2024 and 2023

### 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>2024</u>	<u>2023</u>
Education/Scholarships	\$ 808,650	\$ 495,919
EdGE	449,808	562,231
Downeast Campus programs	158,565	253,009
Island Health	170,593	176,636
Island Services	10,092	-
General funds	<u>87,500</u>	<u>15,000</u>
Total net assets released from restrictions – operating	<u>1,685,208</u>	<u>1,502,795</u>
Total net assets released from restrictions – capital projects	<u>692,980</u>	<u>-</u>
Total net assets released from restrictions	<u>\$ 2,378,188</u>	<u>\$ 1,502,795</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 \$90,851 and \$82,932 for the years ended June 30, 2024 and 2023, 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, 2024 and 2023. Cash and cash equivalents maintained at BHBT were approximately 13% and 18% of total cash and cash equivalents at June 30, 2024 and 2023, respectively.

**MAINE SEACOAST MISSION**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

**14. Liquidity and Availability of Resources**

	<u>2024</u>	<u>2023</u>
Total financial assets	<b><u>\$ 64,709,083</u></b>	<b><u>\$ 60,063,972</u></b>
Less: Financial assets with donor-imposed restrictions:		
Cash received and held for specific projects	1,705,697	1,092,611
Donor restricted endowments, less amounts appropriated for the next 12 months	22,608,553	20,153,000
Gift annuities	7,478	8,288
Split interest agreements	534,686	571,491
Beneficial interest in perpetual trust	<u>6,185,444</u>	<u>5,702,317</u>
Total financial assets with donor-imposed restrictions	<u>31,041,858</u>	<u>27,527,707</u>
Net financial assets after donor-imposed restrictions	<b>33,667,225</b>	32,536,265
Internal designations:		
Amounts set aside for liquidity reserve	782,180	759,943
Quasi-endowments, less amounts appropriated for the next 12 months	<u>30,779,428</u>	<u>27,296,528</u>
Financial assets available to meet cash needs for general expenditures within one year	<b><u>\$ 2,105,617</u></b>	<b><u>\$ 4,479,794</u></b>

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 \$450,000. 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, 2024 and 2023, 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.

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**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 years ended June 30:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ <u>52,740</u>	\$ <u>52,200</u>

This is included in other direct program expense on the statement of functional expenses.

Other Information – Operating Lease

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:	\$ <b>52,740</b>	\$ 52,740
Weighted average remaining term:	<b>6.08 years</b>	7.09 years
Weighted-average discount rate:	<b>2.91%</b>	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, 2024 are as follows:

2025		\$ 52,740
2026		52,740
2027		52,740
2028		52,740
2029		52,740
Thereafter		<u>57,867</u>
Total future undiscounted lease payments		321,567
Less present value discount		<u>26,373</u>
Total lease liability		\$ <u>295,194</u>

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**16. Contributed Nonfinancial Assets**

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities included donations to the food pantry to fight food insecurity, valued at \$113,795 and \$124,236, respectively. Food pantry donations are recognized at an average price per pound of \$3.00 and \$1.70 as calculated by the donor for 2024 and 2023, respectively. Contributed nonfinancial assets did not have donor-imposed restrictions.