



Financial Statements
December 31, 2023 and 2022

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Nonprofit Accounting & Consulting Specialists

Independent Auditors' Report

Board of Directors
Friends of Katahdin Woods & Waters
Portland, Maine

Opinion

We have audited the accompanying consolidated financial statements of Friends of Katahdin Woods & Waters (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Katahdin Woods & Waters as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Friends of Katahdin Woods & Waters 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Katahdin Woods & Waters' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Friends of Katahdin Woods & Waters' 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 Friends of Katahdin Woods & Waters' 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.

As stated in the opinion section of this report, the financial statements of Friends of Katahdin Woods & Waters present fairly, in all material respects, the financial position of Friends of Katahdin Woods & Waters as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PGM, LLC
Biddeford, Maine
July 9, 2024

Statements of Financial Position

December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,330,066	\$ 3,514,031
Accounts receivable	75,000	200,500
Prepaid expenses		3,875
Unconditional promises to give receivable- current portion	106,450	407,928
Total Current Assets	<u>2,511,516</u>	<u>4,126,334</u>
Property and Equipment		
Buildings	203,475	203,475
Equipment	24,273	3,827
	<u>227,748</u>	<u>207,302</u>
Less accumulated depreciation	(32,915)	(27,697)
Property and Equipment, Net	<u>194,833</u>	<u>179,605</u>
Other Assets		
Unconditional promises to give receivable, less current portion, net	115,594	163,463
Security deposit	675	675
Total Other Assets	<u>116,269</u>	<u>164,138</u>
Total Assets	<u>\$ 2,822,618</u>	<u>\$ 4,470,077</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 502,508	\$ 250,000
Accrued payroll and payroll taxes	48,946	38,539
Deferred revenue	114,000	210,000
Total Current Liabilities	<u>665,454</u>	<u>498,539</u>
Net Assets		
Without donor restrictions	614,804	639,925
With donor restrictions	1,542,360	3,331,613
Total Net Assets	<u>2,157,164</u>	<u>3,971,538</u>
Total Liabilities and Net Assets	<u>\$ 2,822,618</u>	<u>\$ 4,470,077</u>

Statement of Activities

Year Ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
Revenue and Other Support			
Grants	\$ 413,133	\$ 75,625	\$ 488,758
Contributions	334,772	998,365	1,333,137
Events revenue less direct expenses of \$5,067	67,010		67,010
In-kind	14,769		14,769
Interest income	3,090		3,090
Gain (loss) on investment		(26)	(26)
Other income	200		200
Total Revenue and Other Support - Before Net Assets Released From Restriction	832,974	1,073,964	1,906,938
Net Assets Released From Restriction			
Satisfaction of time and purpose restrictions	2,863,217	(2,863,217)	
Total Revenue and Other Support	3,696,191	(1,789,253)	1,906,938
Expenses			
Program services	3,208,159		3,208,159
General and administrative	360,252		360,252
Fundraising	152,901		152,901
Total Expenses	3,721,312		3,721,312
Change in Net Assets	(25,121)	(1,789,253)	(1,814,374)
Net Assets, Beginning of Year	639,925	3,331,613	3,971,538
Net Assets, End of Year	\$ 614,804	\$ 1,542,360	\$ 2,157,164

Statement of Activities

Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Revenue and Other Support			
Grants	\$ 253,949	\$ 310,438	\$ 564,387
Contributions	229,830	5,558,858	5,788,688
Events revenue less direct expenses of \$11,619	61,530		61,530
In-kind	9,075		9,075
Interest income	2,051		2,051
Gain on investment		133	133
Other income	553		553
Total Revenue and Other Support - Before Net Assets Released From Restriction	556,988	5,869,429	6,426,417
Net Assets Released From Restriction			
Satisfaction of time and purpose restrictions	3,873,015	(3,873,015)	
Total Revenue and Other Support	4,430,003	1,996,414	6,426,417
Expenses			
Program services	4,032,342		4,032,342
General and administrative	239,384		239,384
Fundraising	153,009		153,009
Total Expenses	4,424,735		4,424,735
Change in Net Assets	5,268	1,996,414	2,001,682
Net Assets, Beginning of Year	634,657	1,335,199	1,969,856
Net Assets, End of Year	\$ 639,925	\$ 3,331,613	\$ 3,971,538

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services	General and Administrative	Fundraising	Total
Personnel				
Salaries and wages	\$ 170,609	\$ 214,715	\$ 119,496	\$ 504,820
Payroll taxes	13,798	16,552	9,479	39,829
Benefits	11,137	33,258	6,740	51,135
Total Personnel	195,544	264,525	135,715	595,784
Professional Fees				
Management consultant	5,001	26,897		31,898
Accounting		13,300		13,300
Event contractors	14,201			14,201
Educators	28,793			28,793
Database		1,125		1,125
Payroll processing		1,926		1,926
Total Professional Fees	47,995	43,248		91,243
Other Expenses				
Rent & utilities		17,951		17,951
Facility	26,901			26,901
Design, construction	2,852,998			2,852,998
Telephone		3,354		3,354
Equipment	755	3,182		3,937
Subscriptions	1,500	3,432		4,932
Membership	300	1,305		1,605
Conferences & meetings	5,307	1,900	250	7,457
Insurance		15,779		15,779
Compliance & registration	300	9,465		9,765
Printing	6,733	1,082	5,930	13,745
Postage	1,921	373	1,605	3,899
Outreach & communications	22,241	619	34	22,894
Bank charges & fees	25	417	1,818	2,260
Office supplies	5,608	580		6,188
Food	11,543	4,161		15,704
Mileage & travel	20,529	5,539	793	26,861
Lodging	9,174	913		10,087
Depreciation	5,218			5,218
In-kind	14,769			14,769
Net present value	(32,019)			(32,019)
Total Other Expenses	2,953,803	70,052	10,430	3,034,285
Indirect Expenses	10,817	(17,573)	6,756	-
Total Expenses	\$ 3,208,159	\$ 360,252	\$ 152,901	\$ 3,721,312

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

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Total
Personnel				
Salaries and wages	\$ 221,699	\$ 136,667	\$ 54,067	\$ 412,433
Payroll taxes	18,900	11,425	4,788	35,113
Benefits	19,766	12,258	4,726	36,750
Total Personnel	<u>260,365</u>	<u>160,350</u>	<u>63,581</u>	<u>484,296</u>
Professional Fees				
Management consultant	60,159	29,434	72,000	161,593
Accounting		10,371		10,371
Event contractors	1,625			1,625
Educators	10,763			10,763
Database		975		975
Payroll processing		1,790		1,790
Total Professional Fees	<u>72,547</u>	<u>42,570</u>	<u>72,000</u>	<u>187,117</u>
Other Expenses				
Rent & utilities		22,163		22,163
Facility	31,237			31,237
Design, construction	3,502,028			3,502,028
Telephone		3,175		3,175
Equipment	68,901	490		69,391
Subscriptions	1,572	3,374		4,946
Membership		1,505		1,505
Conferences & meetings	3,693	1,800		5,493
Insurance		13,730		13,730
Compliance & registration		313		313
Printing	5,143	702	7,286	13,131
Postage	616	730	1,681	3,027
Outreach & communications	7,446	5		7,451
Bank charges & fees		493	1,960	2,453
Office supplies	11,239	2,456	565	14,260
Food	15,399	2,351	13	17,763
Mileage & travel	11,079	4,011	1,044	16,134
Lodging	5,576	4,324		9,900
Depreciation	5,525			5,525
In-kind	9,075			9,075
Net present value	622			622
Total Other Expenses	<u>3,679,151</u>	<u>61,622</u>	<u>12,549</u>	<u>3,753,322</u>
Indirect Expenses	20,279	(25,158)	4,879	
Total Expenses	<u>\$ 4,032,342</u>	<u>\$ 239,384</u>	<u>\$ 153,009</u>	<u>\$ 4,424,735</u>

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

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	<u>\$ (1,814,374)</u>	<u>\$ 2,001,682</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	5,218	5,525
(Increase) decrease in operating assets:		
Accounts and grants receivable	125,500	81,313
Prepaid expenses	3,875	(3,875)
Contributions receivable	349,347	(9,038)
(Decrease) increase in operating liabilities:		
Accounts payable	252,508	(774,043)
Accrued payroll and payroll taxes	10,407	(3,471)
Deferred revenue	(96,000)	10,000
Total adjustments	<u>650,855</u>	<u>(693,589)</u>
Net cash flows from operating activities	<u>(1,163,519)</u>	<u>1,308,093</u>
Cash flows from investing activities:		
Purchases of property and equipment	(20,446)	
Purchases of investments		(29,057)
Proceeds from sales of investments		29,057
Net cash flows used by investing activities	<u>(20,446)</u>	<u>-</u>
Net increase in cash and cash equivalents	(1,183,965)	1,308,093
Cash and cash equivalents, beginning of year	<u>3,514,031</u>	<u>2,205,938</u>
Cash and cash equivalents, end of year	<u>\$ 2,330,066</u>	<u>\$ 3,514,031</u>

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Friends of Katahdin Woods & Waters is a membership organization made up of individuals who are committed to working alongside the National Park Service to help protect, preserve and promote all that is special about Katahdin Woods and Waters National Monument.

Learn more about the Friends of Katahdin Woods & Waters at www.friendsofkww.org.

Basis of Accounting and Presentation

The financial statements for the Organization have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported, as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

Cash and Cash Equivalents

Friends of Katahdin Woods & Waters maintains cash accounts with various commercial banks. Accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At various times throughout the year and at year end, Friends of Katahdin Woods & Waters had cash balances in excess of FDIC insurance. Friends of Katahdin Woods & Waters believes it is not exposed to any significant credit risk on its cash balances. The uninsured balance at December 31, 2023 was approximately \$593,000.

For purposes of the statement of cash flows, Friends of Katahdin Woods & Waters considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable represents amounts due to the Organization for service or other similar revenues. The Organization uses the aging schedule methodology to determine uncollectible accounts receivable on a pooled basis where similar risk characteristics exist. The Organization has evaluated past historical loss information along with customers' financial condition and current economic conditions in determining the credit losses. The Organization deemed no allowance was necessary at December 31, 2023 and 2022.

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Contributions Receivable

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions receivable expected to be received in more than one year are discounted to present value.

Grant and Contract Revenue Recognition

Revenues are recognized as earned or attributable to the period in which specific terms of the funding agreement are satisfied and to the extent that expenses have been incurred for the purposes specified by the funding source.

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Functional Allocation of Expenses

The Organization allocates expenses on a functional basis among its programs and supporting services. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis and are composed of the following:

General and administrative – includes all activities related to the Organization's internal management and accounting for program services.

Fundraising – includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. Expenses that are attributed to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, and payroll taxes, which are allocated on the basis of actual time and effort.

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Income Taxes

The Organization is classified as a public charity exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

Management has evaluated the Organization's tax positions and concluded that, as of December 31, 2023 and 2022, it has not taken any tax positions that would require the recording of any additional tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization is subject to U.S. federal and state examinations by taxing authorities for three years after the filing of the Organization's return.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 in the reporting period. Actual results could differ from these estimates.

Property and Equipment

Property and equipment are stated at cost or estimated fair value if donated. Friends of Katahdin Woods & Waters capitalizes all expenditures in excess of \$1,000 with a life of more than one year. Depreciation of property and equipment is computed on a straight-line basis over their estimated useful lives varying from three to thirty years. Depreciation expense was \$5,218 and \$5,525 for the years ended December 31, 2023 and 2022, respectively.

Reclassifications

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

New Accounting Pronouncement

On January 1, 2023, the Organization adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including trade accounts receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

Management evaluated the impact of the new standard and determined there was no material impact on the financial statements and resulted in new and enhanced disclosures only.

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 1,009,750	\$ 553,809
Accounts receivable	75,000	200,500
	<u>\$ 1,084,750</u>	<u>\$ 754,309</u>

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at December 31,

	2023	2022
Within one year	\$ 106,450	\$ 407,928
In one to five years	<u>127,896</u>	<u>207,784</u>
	234,346	615,712
Less discount to net present value at 3%	<u>(12,302)</u>	<u>(44,321)</u>
	<u>\$ 222,044</u>	<u>\$ 571,391</u>

Promises to give appear as follows in the statement of financial position:

	2023	2022
Contributions receivable, current portion	\$ 106,450	\$ 407,928
Contributions receivable, net, long-term	<u>115,594</u>	<u>163,463</u>
	<u>\$ 222,044</u>	<u>\$ 571,391</u>

NOTE 4 – OPERATING LEASE

The Organization leased an office in Portland, which was terminated during 2022. Rent expense totaled \$8,640 and \$9,634 for the years ended December 31, 2023 and 2022, respectively. The Organization leases property in Patten Maine on a month-to-month basis.

NOTE 5 – DONATED PROFESSIONAL SERVICES AND MATERIALS

The Organization received donated professional services and materials as follows during the years ended December 31:

2023				
Donation	Revenue Recognized	Utilization in Program	Donor Restrictions	Valuation Techniques
Print and Web Advertisements	\$ 9,879	Fundraising	None	Market Value
Various items	4,890	Fundraising	Silent Auction	Market Value
Total	<u>\$ 14,769</u>			
2022				
Donation	Revenue Recognized	Program Utilized	Donor Restrictions	Valuation Techniques
Print and Web Advertisements	\$ 5,000	Fundraising	None	Market Value
Various items	4,075	Fundraising	Silent Auction	Market Value
Total	<u>\$ 9,075</u>			

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 6 – NET ASSETS

Net assets with donor purpose restrictions are comprised of the following at December 31:

	2023	2022
Capital Campaign	\$ 1,518,654	\$ 3,302,179
National Park Service	17,750	
Overlook Improvements		3,215
Patten House Operations	2,112	2,375
Road Maintenance	3,844	3,844
Welcome Center		20,000
Total	<u>\$ 1,542,360</u>	<u>\$ 3,331,613</u>

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were as follows for the year ended December 31:

	2023	2022
Capital Campaign	\$ 2,545,198	\$ 3,600,929
Compass Program		54,000
National Park Service	57,875	
Overlook Improvements	3,215	
Millinocket Visitor Contact Station		75,500
Patten House Operations	263	13,445
Patten Visitor Contact Station		5,188
Place-Based Education Learning Project		89,338
Wabanaki Youth in Science		18,156
Welcome Center	256,666	
Youth Conservation Corps		16,459
Total	<u>\$ 2,863,217</u>	<u>\$ 3,873,015</u>

Releases include amounts for capital items that are not included on the balance sheet of the Organization. These funds have been transferred to the National Park System to be used for the specified purpose.

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 7 – DEFERRED REVENUE

Deferred Revenue consists of contributions with the right of return. Changes in deferred revenue for the fiscal year ended December 31:

	<u>2022</u>	<u>Contributions</u>	<u>Expenditures</u>	<u>2023</u>
Deferred Grant Revenue	\$ 210,000	\$ 64,000	\$ (160,000)	\$ 114,000
Total	\$ 210,000	\$ 64,000	\$ (160,000)	\$ 114,000

	<u>2021</u>	<u>Contributions</u>	<u>Expenditures</u>	<u>2022</u>
Deferred Grant Revenue	\$ 200,000	\$ 210,000	\$ (200,000)	\$ 210,000
Total	\$ 200,000	\$ 210,000	\$ (200,000)	\$ 210,000

NOTE 8– RELATED PARTY

EFI is the reserved rights holder on Visitor Contact Station. FKWW is fundraising per a collaboration agreement between the two entities. A board member is the President/Executive Director of EPI Monument Projects L3C, which is a wholly owned subsidiary of Elliotsville Foundation, Inc. (the board member is also the ED/Pres of Elliotsville Foundation). Total funding for 2023 and 2022 was \$362,303 and \$3,792,281, respectively.

NOTE 9 – SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including July 9, 2024, which was the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.