

Acadia Center

Financial Statements

Years Ended December 31, 2019 and 2018



Independent Auditor's Report

To the Board of Directors
Acadia Center
Rockport, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of Acadia Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acadia Center as of December 31, 2019 and 2018, 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.

Wipfli LLP

Wipfli LLP
Augusta, Maine
February 12, 2021

Acadia Center

Statements of Financial Position

<i>December 31,</i>	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,587,908	\$ 2,738,189
Contributions and grants receivable	65,774	55,363
Prepaid expenses	18,878	22,191
Total current assets	2,672,560	2,815,743
Furniture and equipment		
Furniture, equipment and software	71,788	73,857
Accumulated depreciation	(63,113)	(55,328)
Total furniture and equipment, net	8,675	18,529
Other assets		
Deposits	14,782	16,057
Investments	550,142	516,319
Total other assets	564,924	532,376
TOTAL ASSETS	\$ 3,246,159	\$ 3,366,648
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 10,681	\$ 12,028
Accrued payroll liabilities and benefits	63,638	79,895
Total current liabilities	74,319	91,923
Total liabilities	74,319	91,923
Net assets		
Without donor restrictions:		
Undesignated	2,159,415	1,671,598
Board designated	-	207,000
Investment in furniture and equipment	8,675	18,529
Total without donor restrictions	2,168,090	1,897,127
With donor restrictions	1,003,750	1,377,598
Total net assets	3,171,840	3,274,725
TOTAL LIABILITIES AND NET ASSETS	\$ 3,246,159	\$ 3,366,648

See accompanying notes to financial statements.

Acadia Center

Statement of Activities

<i>Year Ended December 31, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	\$ 185,803	\$ -	\$ 185,803
Foundations and grants	70,180	1,663,000	1,733,180
Interest income	28,170	-	28,170
Gain on investments	11,499	-	11,499
Other revenue	2,655	-	2,655
Total revenue and other support - before net assets released from restrictions	298,307	1,663,000	1,961,307
Net assets released from restrictions			
Satisfaction of time and purpose restrictions	2,036,848	(2,036,848)	-
Total revenue and other support	2,335,155	(373,848)	1,961,307
Expenses			
Program services	1,793,820	-	1,793,820
Management and general	133,002	-	133,002
Fundraising and development	137,370	-	137,370
Total expenses	2,064,192	-	2,064,192
Change in net assets	270,963	(373,848)	(102,885)
Net assets, beginning of year	1,897,127	1,377,598	3,274,725
Net assets, end of year	\$ 2,168,090	\$ 1,003,750	\$ 3,171,840

See accompanying notes to financial statements.

Acadia Center

Statement of Activities - Continued

<i>Year Ended December 31, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	\$ 124,323	\$ -	\$ 124,323
Foundations and grants	78,376	2,018,888	2,097,264
Interest income	19,389	-	19,389
Gain on investments	8,416	-	8,416
Other revenue	5,899	-	5,899
Total revenue and other support - before net assets released from restrictions	236,403	2,018,888	2,255,291
Net assets released from restrictions			
Satisfaction of time and purpose restrictions	2,023,302	(2,023,302)	-
Total revenue and other support	2,259,705	(4,414)	2,255,291
Expenses			
Program services	2,077,608	-	2,077,608
Management and general	125,999	-	125,999
Fundraising and development	102,362	-	102,362
Total expenses	2,305,969	-	2,305,969
Change in net assets	(46,264)	(4,414)	(50,678)
Net assets, beginning of year	1,943,391	1,382,012	3,325,403
Net assets, end of year	\$ 1,897,127	\$ 1,377,598	\$ 3,274,725

See accompanying notes to financial statements.

Acadia Center

Statement of Functional Expenses

<i>Year Ended December 31, 2019</i>	Program Services	Management and General	Fundraising and Development	Total Expenses
Salaries and wages	\$ 1,178,037	\$ 85,369	\$ 69,626	\$ 1,333,032
Payroll taxes and fringe benefits	218,254	22,676	14,182	255,112
Consultants	109,193	-	39,714	148,907
Occupancy	117,789	5,121	5,121	128,031
Travel	31,178	627	308	32,113
Grant allocation to affiliates	50,000	-	-	50,000
Technology	16,706	646	2,416	19,768
Communications	16,419	684	761	17,864
Meetings and conferences	5,291	45	45	5,381
Website	13,245	558	558	14,361
Depreciation	14,272	41	41	14,354
Accounting	-	11,300	-	11,300
Insurance	2,737	3,783	119	6,639
Miscellaneous	1,958	201	56	2,215
Books and subscriptions	4,458	107	405	4,970
Office supplies	6,528	427	702	7,657
Bank fees	-	633	2,745	3,378
Printing	4,946	162	282	5,390
Professional fees	1,061	28	39	1,128
Lobbying fees	1,150	415	-	1,565
Postage	598	155	250	1,003
Other taxes	-	24	-	24
Total expenses	\$ 1,793,820	\$ 133,002	\$ 137,370	\$ 2,064,192

See accompanying notes to financial statements.

Acadia Center

Statement of Functional Expenses - Continued

<i>Year Ended December 31, 2018</i>	Program Services	Management and General	Fundraising and Development	Total Expenses
Salaries and wages	\$ 1,398,715	\$ 80,724	\$ 57,687	\$ 1,537,126
Payroll taxes and fringe benefits	255,158	20,201	9,765	285,124
Consultants	144,744	1,004	23,880	169,628
Occupancy	122,290	5,317	5,317	132,924
Travel	44,276	162	163	44,601
Technology	24,712	1,646	682	27,040
Communications	22,198	815	802	23,815
Meetings and conferences	18,168	169	168	18,505
Website	14,447	628	628	15,703
Depreciation	15,398	89	90	15,577
Accounting	371	9,793	-	10,164
Insurance	3,593	3,555	156	7,304
Miscellaneous	3,706	377	276	4,359
Books and subscriptions	2,975	104	405	3,484
Office supplies	2,415	261	88	2,764
Bank fees	-	608	2,109	2,717
Printing	1,652	-	17	1,669
Professional fees	1,202	15	22	1,239
Lobbying fees	772	365	-	1,137
Postage and shipping	816	148	107	1,071
Other taxes	-	18	-	18
Total expenses	\$ 2,077,608	\$ 125,999	\$ 102,362	\$ 2,305,969

See accompanying notes to financial statements.

Acadia Center

Statements of Cash Flows

<i>Years Ended December 31,</i>	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (102,885)	\$ (50,678)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	14,353	15,577
Net gain on investments	(11,499)	(8,416)
(Increase) decrease in operating assets:		
Accounts and grants receivable	(10,411)	(9,074)
Prepaid expenses	3,313	(2,065)
Deposits	1,275	-
Increase (decrease) in operating liabilities:		
Accounts payable	(1,347)	(183)
Accrued payroll liabilities and benefits	(16,257)	61,826
Total adjustments	(20,573)	57,665
Net cash flows from operating activities	(123,458)	6,987
Cash flows from investing activities:		
Purchase of software	(4,499)	-
Proceeds from sale of investments	450,000	-
Purchases of investments	(472,324)	(8,159)
Net cash flows from investing activities	(26,823)	(8,159)
Net change in cash and cash equivalents	(150,281)	(1,172)
Cash and cash equivalents, beginning of year	2,738,189	2,739,361
Cash and cash equivalents, end of year	\$ 2,587,908	\$ 2,738,189

See accompanying notes to financial statements.

Acadia Center

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization

Acadia Center (the Organization) is a non-profit, research and advocacy organization committed to advancing the clean energy future. The Organization is at the forefront of efforts to build clean, low carbon and consumer friendly economies. The Organization's approach is characterized by reliable information, comprehensive advocacy and problem solving through innovation and collaboration.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), which involves the application of accrual accounting.

Revenue Recognition

Contributions and grants, 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions and grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Acadia Center

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets of the Organization 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. 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

For financial statement purposes, the Organization considers all depository accounts with financial institutions, including certificates of deposit with original maturities of less than 90 days, to be cash and cash equivalents.

Contributions and Grants Receivable

Unconditional contributions and grants receivable are reported at net realizable value. Management individually reviews all past due receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of contributions and grants receivable are reduced by allowances that reflect management's estimate of uncollectible amounts. Management has deemed all contributions and grants receivable to be fully collectible; therefore, no allowance for uncollectible accounts has been recorded.

Investments

Investments are carried at estimated fair value based on quoted market prices. Interest and dividend income, as well as realized and unrealized gains and losses, are included in the change in net assets.

Acadia Center

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods, including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs.

The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities. At each reporting period, if applicable, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the years ended December 31, 2019, and 2018, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Money market funds and certificate of deposits are measured using \$1 as the net asset value (NAV).

Equity securities consist of individual stocks. Equity securities are valued at the closing price reported on the active market on which the individual securities are traded.

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Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Concentration of Revenue

Of the revenues received by the Organization for the years ended December 31, 2019, and 2018, approximately 50% and 60%, respectively, were from its four largest revenue sources. Changes in or elimination of these revenue sources could adversely affect operations of the Organization if other revenue sources are not readily available.

Functional Expenses

The costs of program and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Other operating costs are allocated based on utilization.

Income Taxes

The Organization is 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.

Use of Estimates

The preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement

Contributions Received and Contributions Made

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The Organization has applied the amendments in this ASU as of January 1, 2019, on a modified retrospective basis. There was no change in opening balances of net assets and no prior period results were restated.

Acadia Center

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

Leasing

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their statement of financial position as liabilities, with corresponding "right-of-use" assets. The standard is effective for annual reporting periods in fiscal years that begin after December 15, 2021. Management is currently evaluating the impact of adoption on its financial statements.

Note 2: Liquidity and Availability

The Organization strives to maintain liquid financial assets sufficient to cover approximately eight months of general expenditures. The following table reflects the Organization's financial assets as of December 31, 2019, reduced by amounts that are not available to meet general expenditures beyond one year of the statement of financial position date because of donor restrictions or internal board designations.

Cash and cash equivalents	\$ 2,587,908
Contributions and grants receivable	65,774
	<hr/> 2,653,682
Less: net assets with donor restrictions	(1,003,750)
	<hr/> <hr/> \$ 1,649,932

Note 3: Concentration of Credit Risk

The Organization maintains cash balances at various financial institutions in the United States (U.S.) and Canada. As of December 31, 2019 and 2018, deposits in the U.S. were insured by FDIC up to a maximum amount of \$250,000 per institution, and deposits in Canada were insured by CDIC up to a maximum amount of \$100,000 per institution. Additionally, the Organization holds a repurchase agreement with a local bank (U.S.) providing federally-backed collateralization for certain cash balances. At December 31, 2019 and 2018, the Organization's uninsured and uncollateralized cash balances totaled \$5,479 and \$3,200, respectively.

Note 4: Furniture and Equipment

Significant items of furniture and equipment with estimated useful lives of more than one year and with a cost of \$2,500 or more are capitalized at cost if purchased, or at fair market value if donated. The Organization depreciates furniture and equipment using the straight-line methods. Estimated useful lives of the respective assets range from three to five years.

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Notes to Financial Statements

Note 5: Investments

Investments at December 31, 2019 and 2018, consisted of the following:

	2019	2018
Money market funds	\$ 16,220	\$ 464,139
Equity securities	75,925	52,180
Certificates of deposit	457,997	-
	\$ 550,142	\$ 516,319

The Organization invests in various investment securities and money market funds. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amount reported in the statements of financial position.

The reported values of assets measured at fair value on a recurring basis are classified as follows at December 31, 2019:

	Fair Value	Fair Value Measurements at Report Date Using		
		Level 1	Level 2	Level 3
Money market funds	\$ 16,220	\$ 16,220	\$ -	-
Equity securities	75,925	75,925	-	-
Certificates of deposit	457,997	457,997	-	-
	\$ 550,142	\$ 550,142	\$ -	-

The reported values of assets measured at fair value on a recurring basis are classified as follows at December 31, 2018:

	Fair Value	Fair Value Measurements at Report Date Using		
		Level 1	Level 2	Level 3
Money market funds	\$ 464,139	\$ 464,139	\$ -	-
Equity securities	52,180	52,180	-	-
	\$ 516,319	\$ 516,319	\$ -	-

Transfers between levels of assets are recognized on the actual date of the event or change in circumstance that caused the transfer; there were no transfers between levels of assets during the years ended December 31, 2019 and 2018.

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Notes to Financial Statements

Note 6: Net Assets

At December 31, 2018, the Board designated \$207,000 of net assets without donor restrictions to be used to cover the 2019 fiscal year operating budget deficit.

The Organization has received multiple grants with primary purpose restrictions to expend funds on clean energy. Net assets with donor restrictions were \$1,003,750 and \$1,377,598 at December 31, 2019 and 2018, respectively. Net assets were released from donor restrictions as the stipulated purposes for which the resources were restricted were met in the amounts of \$2,036,848 and \$2,023,302 for the years ended December 31, 2019 and 2018, respectively.

Note 7: Operating Leases

During the year ended December 31, 2008, the Organization entered into an operating lease for office space located in Hartford, Connecticut under the terms of a non-cancelable lease. The original term of this lease agreement was three years, with an additional three-year renewal option available thereafter, which was exercised in 2011. The lease terms were amended to extend until March 31, 2024. The lease calls for monthly rent payments ranging from \$1,722 to \$1,880 per month during the term of the lease.

During the year ended December 31, 2013, the Organization entered into an operating lease in Providence, Rhode Island under the terms of a non-cancelable lease. The original term of this lease was three years. In 2016, the lease terms were amended to extend until 2020. The lease calls for monthly rent payments of \$763.

During the year ended December 31, 2014, the Organization entered into an operating lease for office space located in Boston, Massachusetts under the terms of a non-cancelable lease. The original term of this lease was five years and four months. The lease called for monthly rent payments ranging from \$5,608 to \$6,278 per month during the term of the lease.

In addition, the Organization leases office space in Rockport, Maine and New York City, New York on a month to month basis. Rent expense is \$500 and \$850 a month, respectively.

During the years ended December 31, 2019 and 2018, the Organization incurred rental costs in relation to these leases amounting to \$121,746 and \$126,997, respectively.

Estimated future minimum payments under these leases are, as follows, for the years ending December 31:

2020	\$	74,518
2021		31,082
2022		22,768
2023		22,444
2024		5,641
	\$	156,453

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Notes to Financial Statements

Note 8: Defined Contribution Plan

The Organization has a 401(k) plan through which eligible employees may make pre-tax elective deferrals up to limits set by law. The plan provides for an employer match of 100% of employee contributions up to a deferral of 6% of pay, as well as non-elective employer contributions which may be made at the discretion of the Organization. Total expenses relating to pension plan contributions for the years ended December 31, 2019 and 2018, amounted to \$69,006 and \$777,901, respectively.

Note 9: Conditional Promises to Give

In 2018, the Organization received commitments for future funding contingent on certain conditions being fulfilled. Management views these commitments as conditional promises to give not qualifying for recognition under FASB ASC 958-605 *Revenue Recognition-Contributions*. Accordingly, no receivable or revenue is recognized within the financial statements until the conditions are met. For the years ended December 31, 2019 and 2018, the conditional commitments totaled \$0 and \$100,000 respectively.

Note 10: Subsequent Events

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the Organization had not yet suffered any material adverse impact from the CV19 Crisis. Management believes the Organization is taking appropriate actions to mitigate the negative impact. One action taken that has contributed to mitigating the financial impact is obtaining a Small Business Administration Paycheck Protection Program loan in the amount of \$299,100. Management feels that a substantial portion of the loan will meet the forgiveness criteria set forth by SBA. The future impact of COVID-19 is unknown and cannot be reasonably estimated at this time.

Management has made an evaluation of subsequent events to and including February 12, 2021, 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.