



Financial Statements

Manomet, Inc.

September 30, 2021 and 2020



MANOMET, INC.

Financial Statements

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Independent Auditors' Report

The Board of Trustees and the Audit Committee
Manomet, Inc.
Manomet, Massachusetts

We have audited the accompanying financial statements of Manomet, Inc. ("Manomet"), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, 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 of America; 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.

Auditors' 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 of America. 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 auditors' 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 Manomet, Inc. as of September 30, 2021 and 2020, 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.

Mayer Hoffmann McCann P.C.

March 3, 2022
Providence, Rhode Island

MANOMET, INC.

Statements of Financial Position

	September 30,	
	2021	2020
Assets		
Cash and cash equivalents	\$ 3,635,624	\$ 2,784,483
Accounts receivable, net	693,724	743,053
Pledges receivable, net	-	191,575
Investments	27,367,521	24,487,025
Split interest agreements	92,717	74,299
Other assets	7,644	10,492
Property and equipment, net	<u>982,264</u>	<u>939,576</u>
Total assets	<u>\$ 32,779,494</u>	<u>\$ 29,230,503</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 304,151	\$ 259,177
Deferred revenue/contract liability	<u>172,309</u>	<u>214,158</u>
Total liabilities	<u>476,460</u>	<u>473,335</u>
Net assets:		
Without donor restrictions	6,826,004	6,234,241
With donor restrictions	<u>25,477,030</u>	<u>22,522,927</u>
Total net assets	<u>32,303,034</u>	<u>28,757,168</u>
Total liabilities and net assets	<u>\$ 32,779,494</u>	<u>\$ 29,230,503</u>

MANOMET, INC.

Statement of Activities

**Year Ended September 30, 2021
(with comparative totals for 2020)**

	2021		2020	
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Total</i>
Operating revenue and support:				
Grants and contracts	\$ 825,016	\$ -	\$ 825,016	\$ 1,189,826
Contributions	1,011,114	-	1,011,114	830,794
Payroll Protection Program Grant income	484,650	-	484,650	397,655
Interest	16,570	-	16,570	22,264
Amounts appropriated under endowment spending policy and spent for current operations	855,656	-	855,656	833,905
Amounts appropriated under endowment spending policy in prior periods and spent for current operations	50,859	-	50,859	44,719
Amounts earmarked in prior periods and spent for current operations	27,069	-	27,069	27,126
Net assets released from restrictions	1,388,012	-	1,388,012	1,340,320
Total operating revenue and support	4,658,946	-	4,658,946	4,686,609
Expenses:				
Programs	2,883,752	-	2,883,752	3,012,566
Administration	1,535,271	-	1,535,271	1,377,981
Fundraising	239,136	-	239,136	295,919
Total expenses	4,658,159	-	4,658,159	4,686,466
Change in net assets from operations	787	-	787	143
Nonoperating activities:				
Amounts appropriated under endowment spending policy reserved for future periods	118,484	-	118,484	119,376
Amounts earmarked in current period reserved for future periods	5,698	-	5,698	157,333
Investment return, net of spending	388,859	2,481,137	2,869,996	975,265
Gain on investments held in charitable remainder unitrusts	12,627	9,318	21,945	8,885
Contributions	-	1,911,043	1,911,043	1,543,357
Change in allowance and discount for pledges	-	5,925	5,925	20,160
Net assets released from restriction for capital assets	65,308	(65,308)	-	-
Net assets released from restrictions	-	(1,388,012)	(1,388,012)	(1,340,320)
Total nonoperating activities	590,976	2,954,103	3,545,079	1,484,056
Change in net assets	591,763	2,954,103	3,545,866	1,484,199
Net assets, beginning	6,234,241	22,522,927	28,757,168	27,272,969
Net assets, ending	\$ 6,826,004	\$ 25,477,030	\$ 32,303,034	\$ 28,757,168

See accompanying notes to the financial statements.

MANOMET, INC.

Statement of Activities

Year Ended September 30, 2020

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Operating revenue and support:			
Grants and contracts	\$ 1,189,826	\$ -	\$ 1,189,826
Contributions	830,794	-	830,794
Payroll Protection Program Grant income	397,655	-	397,655
Interest	22,264	-	22,264
Amounts appropriated under endowment spending policy and spent for current operations	833,905	-	833,905
Amounts appropriated under endowment spending policy in prior periods and spent for current operations	44,719	-	44,719
Amounts earmarked in prior periods and spent for current operations	27,126	-	27,126
Net assets released from restrictions	<u>1,340,320</u>	<u>-</u>	<u>1,340,320</u>
Total operating revenue and support	<u>4,686,609</u>	<u>-</u>	<u>4,686,609</u>
Expenses:			
Programs	3,012,566	-	3,012,566
Administration	1,377,981	-	1,377,981
Fundraising	<u>295,919</u>	<u>-</u>	<u>295,919</u>
Total expenses	<u>4,686,466</u>	<u>-</u>	<u>4,686,466</u>
Change in net assets from operations	<u>143</u>	<u>-</u>	<u>143</u>
Nonoperating activities:			
Amounts appropriated under endowment spending policy reserved for future periods	119,376	-	119,376
Amounts earmarked in current period reserved for future periods	157,333	-	157,333
Investment return, net of spending policy	132,088	843,177	975,265
Gain (loss) on investments held in charitable remainder unitrusts	17,996	(9,111)	8,885
Contributions	200	1,543,157	1,543,357
Change in allowance and discount for pledges	-	20,160	20,160
Net assets released from restrictions	<u>-</u>	<u>(1,340,320)</u>	<u>(1,340,320)</u>
Total nonoperating activities	<u>426,993</u>	<u>1,057,063</u>	<u>1,484,056</u>
Change in net assets	<u>427,136</u>	<u>1,057,063</u>	<u>1,484,199</u>
Net assets, beginning	<u>5,807,105</u>	<u>21,465,864</u>	<u>27,272,969</u>
Net assets, ending	<u>\$ 6,234,241</u>	<u>\$ 22,522,927</u>	<u>\$ 28,757,168</u>

See accompanying notes to the financial statements.

MANOMET, INC.

Statements of Cash Flows

	Years Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 3,545,866	\$ 1,484,199
Adjustments to reconcile change in net assets to cash and cash equivalents provided by (used in) operating activities:		
Depreciation	66,363	64,193
Contributions restricted for long-term investment	(10,500)	(5,840)
Net realized and unrealized gains	(3,696,874)	(1,807,846)
Changes in:		
Accounts receivable	49,329	309,465
Pledges receivable	191,575	145,205
Investments held in split interest agreements	(18,418)	(5,888)
Other assets	2,848	4,415
Accounts payable and accrued liabilities	44,974	(14,612)
Deferred revenue	(41,849)	(223,662)
	<u>133,314</u>	<u>(50,371)</u>
Net cash provided by (used in) operating activities	133,314	(50,371)
Cash flows from investing activities:		
Proceeds from sale and maturity of investments	2,326,878	832,581
Purchase of investments	(1,510,500)	(5,840)
Purchase of property and equipment	(109,051)	(29,929)
	<u>707,327</u>	<u>796,812</u>
Net cash provided by investing activities	707,327	796,812
Cash flows from financing activities:		
Contributions restricted for long-term investment	10,500	5,840
	<u>10,500</u>	<u>5,840</u>
Net cash provided by financing activities	10,500	5,840
Change in cash and cash equivalents	851,141	752,281
Cash and cash equivalents, beginning	<u>2,784,483</u>	<u>2,032,202</u>
Cash and cash equivalents, ending	\$ <u>3,635,624</u>	\$ <u>2,784,483</u>

See accompanying notes to the financial statements.

MANOMET, INC.

Notes to Financial Statements

Note 1 – Organization

Manomet, Inc. (“Manomet”) is a Massachusetts not-for-profit corporation established in 1968. Manomet is forging a pathway for the current generation and those to come.

Manomet uses science and collaboration to strengthen bird migration routes, coastal ecosystems, and working lands and seas across the Western Hemisphere. For over 50 years, Manomet has formed vital partnerships with businesses, producers, and educators, to help nature and local communities thrive.

Manomet uses individual birds or species to better explain the threats to shorebirds and to show the wider impact of the projects they undertake, and has always believed that education is a big part of creating long-term change. Manomet strives to inspire, mentor, and guide educators and students, especially within underrepresented communities, to create the next generation of conservationists.

From the north slope of Alaska to the southern tip of Argentina, Manomet’s staff and scientists look for high-impact opportunities to make the world a more resilient place.

Note 2 – Summary of Significant Accounting Policies

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Statement Preparation

The accompanying financial statements are presented on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of grantor or donor-imposed restrictions. Accordingly, net assets of Manomet and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets that are not subject to grantor or donor-imposed restrictions or for which restrictions have expired. Grants which are limited to the use of various Manomet programs are reflected as revenue without donor restrictions if these funds are received and spent during the same year and if they support the activities of Manomet. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.

Net Assets with Donor Restrictions

Net assets subject to explicit or implicit grantor or donor-imposed restrictions. Some grantor or donor-imposed restrictions are temporary in nature that may or will be met either by actions of Manomet and/or the passage of time. Other grantor or donor-imposed restrictions are maintained permanently, but may permit Manomet to use or expend part or all of the economic benefits derived from the donated assets.

MANOMET, INC.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents represent highly liquid debt instruments, bank deposits and other such accounts with original maturities of three months or less. Such accounts are carried at cost plus accrued interest. Certain of these accounts have limited deposit insurance, while others may exceed or not have such insurance.

Accounts Receivable and Bad Debts

Included in accounts receivable at September 30, 2021 and 2020 is approximately \$422,000 and \$704,000 of unbilled amounts, respectively, which will be billed subsequent to year end. These amounts are predominantly Federal grants and contracts. Manomet uses the specific identification method for recognizing bad debts on accounts and pledges receivable. Manomet routinely assesses its accounts and pledges receivable and establishes an allowance for doubtful accounts based on historical losses, the existing economic conditions, and the financial stability of its customers and donors as well as the related government agencies. Manomet rarely has issues or problems with collection of amounts earned on grants and contracts given prior authorization of spending. There was no allowance for doubtful accounts receivable at September 30, 2021 and 2020 as Manomet believes that all receivables are collectible.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk-free rate of return as a starting point and then increasing that rate to account for the inherent risk associated with the expected future cash flows of these unconditional promises to give. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments

Manomet records investments at their fair value. Fair value is determined as per the fair value policies described later in this section. The resulting change in unrealized gains and losses on investments is reported in the statements of activities under net assets without donor restrictions or net assets with donor restrictions as applicable.

MANOMET, INC.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Manomet reports certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item in accordance with the fair value standards. Fair value is defined as 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. Recurring fair value measures include Manomet's investment accounts. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. For items that do not fit within the classification system, as is often the case with private equity and other alternative investments, a so called "practical expedient" is permitted when the criteria for using this method are met. This method allows such positions to be presented at the Net Asset Value ("NAV") per share which is considered fair value for reporting purposes. Fair value standards also require Manomet to classify financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1* – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on a stock exchange, publicly traded mutual funds, and other cash equivalents.
- Level 2* – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3* – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of Manomet's financial instruments, see Note 6 – Investments and Fair Values of Financial Instruments.

MANOMET, INC.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

Split Interest Agreements

Charitable Gift Annuity

Manomet has a charitable gift annuity in which a donor contributed assets and received a promise of payments for life. The assets and obligations are initially recorded at fair value with the assets generally being at Level 1 and obligations measured at Level 2 per the fair value policy contained elsewhere in this section. The obligations are periodically updated to reflect changes in life expectancy using the same discount rate as when the gift was made and are included in accounts payable and accrued liabilities in the statements of financial position.

Charitable Remainder Unitrust

Manomet holds an asset for a charitable remainder unitrust agreement. The assets are recorded at the present value of the anticipated residual interest in the unitrust, which is generally determined using Level 3 methods.

Property and Equipment

Property and equipment are recorded at cost when the useful life is over one year and when such amounts exceed a management established capitalization threshold. Donated property is recorded at fair value at the date of gift which would normally entail a Level 3 fair value assessment as per the fair value standards elsewhere in this section. Expenditures that significantly add to the productivity or extend the economic life of the assets are capitalized. Other expenditures for repairs and maintenance are charged to operations in the year the costs are incurred.

Depreciation is provided over the estimated useful lives of the respective assets on the straight-line basis. A summary of depreciable lives follows:

Buildings and improvements	5 - 40 years
Equipment, furniture and fixtures	3 - 10 years

Deferred Revenue/Contract Liability

Deferred revenue/contract liability represents amounts received in advance of incurring expenses for particular exchange transaction activities involving research projects. Such amounts are recorded as revenue in the year expended by Manomet.

MANOMET, INC.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

Operations

The statements of activities report the change in net assets from operating and nonoperating activities. Nonoperating activities consist of: amounts appropriated under endowment spending policy reserved for future periods; amounts earmarked in current period reserved for future periods; investment return net of endowment spending; gains and losses on investments held in charitable remainder unitrusts; contributions with donor restrictions; change in allowance and discount for pledges. In addition, net assets released from restrictions are reported in nonoperating activities consistent with the reporting of the corresponding nonoperating contributions with donor restrictions. All other activities are reported as operating, consistent with the reporting of the corresponding nonoperating contributions with donor restrictions.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions as follows, unless their use is limited by donor-imposed restrictions.

Under accounting standards, revenue may be earned under exchange transactions or contribution transactions which include grants and contracts, as well as various types of contributed support. Exchange transactions are measured via a principles-based process that requires that the entities: 1) Identify the contract with the customer; 2) Identify the performance obligations in the contract; 3) Determine the transaction price; 4) Allocate the transaction price to the performance obligations; and 5) Recognize revenue when (or as) performance obligations are satisfied. Exchange transaction revenues are under arrangements that are one year in length or less.

Manomet derives revenues primarily through grants, contracts and contributions. Federal funds are principally from the Department of the Interior.

Revenue from grants and contracts included in without donor restrictions are exchange transactions in which Manomet earns revenue for providing services at an agreed upon rate as documented within the corresponding contract. Revenue is recognized as services are provided and costs are incurred. Revenue from government and other grants and contracts included in with donor restrictions are considered conditional support. Certain grants and contracts are subject to review and audit by grantors or their representatives. Such audits could result in requests for reimbursement from the grantor if Manomet expenditures are disallowed. Management does not anticipate such an event. However, management believes that such requests for reimbursement, if made, would not have a significant impact on the financial position of Manomet.

MANOMET, INC.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributed support, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor, while conditional contributions are recorded as revenue as conditions are met. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in these policies. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of discounts are included in contribution revenue in accordance with the donor-imposed restrictions, if any. Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses in accordance with the restriction are recorded as revenue within net assets with donor restrictions and reclassified to net assets without donor restrictions when such time or purpose restrictions have been satisfied.

Certain contributed support items are considered conditional contributions in that such amounts are not earned until certain performance barriers are met. For example, certain grants and contracts only allow for the reimbursement of costs under a specified framework and thus the revenue associated with such is not considered earned until such valid qualifying cost has been incurred. In other cases, conditional contributions might require that a matching amount of funds be raised or might provide for limited discretion by Manomet over the use of funds. These funds are considered earned and are reported as revenue when Manomet has met their performance obligation which typically is incurring of expenditures or meeting other conditions of the support. Grant or contract funds received in advance, for which Manomet has not met their applicable performance obligation, are accounted for as deferred revenue. Expenditures incurred in advance of funds being received under a conditional grant are recorded as revenue and as grants or accounts receivable when the costs are incurred.

Investment returns are reported as revenue based on the fair value of such investments at year end. Such returns are allocated ratably based on the relative proportion of funds invested with donor restrictions and those without donor restrictions. Investment returns allocated to net assets with donor restrictions remain in such category until appropriated under the board approved spending policy unless otherwise required by the terms of the gift that they be added to the principal of the endowment.

Paycheck Protection Program Grant Income

Manomet applied for, and received, a forgivable Paycheck Protection Loan of \$397,655 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded on May 4, 2020. Manomet recorded Payroll Protection Program revenue for the full amount for the year ended September 30, 2020, given eligible costs being incurred associated with this funding following the so-called grant accounting method. Formal forgiveness was granted on July 1, 2021.

Manomet applied for, and received, a second forgivable Paycheck Protection Loan of \$484,650 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded on February 6, 2021. Manomet recorded Payroll Protection Program revenue for the full amount for the year ended September 30, 2021, given eligible costs being incurred associated with this funding following the so-called grant accounting method. Formal forgiveness was granted subsequent to year end on October 22, 2021.

MANOMET, INC.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

Use of Estimates and Assumptions

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 during the reporting period. Actual results could differ from those estimates and assumptions.

Income Tax Status

Manomet, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from Massachusetts income tax. Accordingly, no provision for income taxes is made in the financial statements. Given the limited taxable activities of Manomet, management has concluded that disclosure relative to tax provisions is not necessary.

Uncertain Tax Positions

Manomet accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. Manomet has identified its tax status as a tax exempt entity its only significant tax position; however, Manomet has determined that such tax position does not result in an uncertainty requiring recognition. Manomet is not currently under examination by any taxing jurisdiction. Manomet’s Federal and state tax returns are generally open for examination for three years following the date filed.

Functional Allocation of Expenses

The costs of providing the various programs and activities and supporting activities have been summarized on a functional basis in the accompanying statements of activities. The natural classification of expenses by function is presented in Note 8. Certain costs have been allocated among the programs and supporting services benefit. Depreciation and maintenance of property and equipment have been allocated to functional classifications based on square footage. All other expenses are allocated based on time and effort.

MANOMET, INC.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

Pending Accounting Standards

Management expects to adopt Accounting Standards Update (“ASU”) No. 2016-02, *Leases*, in a future period. The standard requires a lessee to recognize a right-of-use asset and a lease liability for all leases, initially measured at the present value of the lease payments, in its statement of financial position. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally, straight-line basis. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The ASU is effective in fiscal year 2023 for Manomet. Manomet is evaluating the impact of the new guidance on the financial statements.

Certain other accounting standards are also pending that management believes will not have a material effect on future periods and thus a summary of those has not been included here.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements in order to conform to the current presentation.

Subsequent Events

Manomet has evaluated subsequent events through March 3, 2022, the date the financial statements were approved and authorized to be issued.

Subsequent to September 30, 2021, Manomet applied for a refundable tax credit of approximately \$129,000 under the Employee Retention Credit program.

Note 3 – Liquidity and Availability

Manomet strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

MANOMET, INC.

Notes to Financial Statements

Note 3 – Liquidity and Availability (Continued)

The following table reflects Manomet’s financial assets as of September 30 and the amounts of those financial assets available within one year of the balance sheet date to meet general expenditures. If necessary, the Board designated portion of Manomet’s endowment net assets could be used to meet cash needs above the approved endowment appropriation and amounted to \$3,707,147 and \$3,318,287 at September 30, 2021 and 2020, respectively.

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 3,635,624	\$ 2,784,483
Accounts receivable, net	693,724	743,053
Pledge receivable, net	-	191,575
Investments	27,367,521	24,487,025
Split interest agreements	<u>92,717</u>	<u>74,299</u>
Total financial assets at year end	<u>\$ 31,789,586</u>	<u>\$ 28,280,435</u>
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	\$ 3,635,624	\$ 2,784,483
Accounts receivable due in one year or less	693,724	743,053
Pledges for general expenditure due in one year or less	-	191,575
Endowment appropriation	<u>1,078,000</u>	<u>1,025,000</u>
Total financial assets available to meet general expenditures over the next 12 months	<u>\$ 5,407,348</u>	<u>\$ 4,744,111</u>

Note 4 – Pledges Receivable

Pledges receivable are comprised of the following at September 30, 2020. There are no pledges receivable at September 30, 2021.

Amounts due in:	
One year or less	\$ 193,041
One to five years	<u>5,000</u>
Total due	198,041
Less: Present value discount	(541)
Allowance for doubtful accounts	<u>(5,925)</u>
Pledges receivable, net	<u>\$ 191,575</u>

MANOMET, INC.

Notes to Financial Statements

Note 4 – Pledges Receivable (Continued)

Pledges receivable are discounted at a rate of 3.56% in 2020.

Note 5 – Property and Equipment

Property and equipment are comprised of the following at September 30:

	2021	2020
Land	\$ 375,113	\$ 375,113
Buildings and improvements	2,448,371	2,439,044
Equipment, furniture and fixtures	641,308	606,892
Construction in process	<u>65,308</u>	<u>-</u>
	3,530,100	3,421,049
Less accumulated depreciation	<u>(2,547,836)</u>	<u>(2,481,473)</u>
Property and equipment, net	<u>\$ 982,264</u>	<u>\$ 939,576</u>

MANOMET, INC.

Notes to Financial Statements

Note 6 – Investments and Fair Values of Financial Instruments

The valuation of Manomet’s financial instruments using the fair value hierarchy consisted of the following at September 30:

	2021			
	Level 1	Level 2	Investments Measured at Nav	Total
Assets				
Cash and cash equivalents	\$ 1,063,760	\$ -	\$ -	\$ 1,063,760
Domestic equities	14,559,787	-	-	14,559,787
International equities	4,852,134	-	-	4,852,134
Fixed income - intermediate funds	5,122,085	500,000	-	5,622,085
Alternative investments	-	-	1,269,755	1,269,755
	<u>25,597,766</u>	<u>500,000</u>	<u>1,269,755</u>	<u>27,367,521</u>
Total assets at fair value	\$ <u>25,597,766</u>	\$ <u>500,000</u>	\$ <u>1,269,755</u>	\$ <u>27,367,521</u>
	2020			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 4,863,798	\$ -	\$ -	\$ 4,863,798
Domestic equities	12,597,627	-	-	12,597,627
International equities	3,391,669	-	-	3,391,669
Fixed income - intermediate funds	3,633,931	-	-	3,633,931
	<u>24,487,025</u>	<u>-</u>	<u>-</u>	<u>24,487,025</u>
Total assets at fair value	\$ <u>24,487,025</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>24,487,025</u>

Manomet engages four professional asset management firms to oversee its portfolio, and an independent advisor to assist the Investment Committee in making manager selection and asset allocation decisions.

The redemption frequency for the funds valued at NAV at September 30, 2021 is on a quarterly basis.

Management fees totaled approximately \$130,000 and \$120,000 for the years ended September 30, 2021 and 2020, respectively. Expenses and fees associated with mutual funds are netted against the return of such funds.

The investments held in split interest agreements of \$92,717 and \$74,299 at September 30, 2021 and 2020, respectively, are reported in the statements of financial position. The corresponding liability for the split interest agreements of \$16,109 and \$19,638 at September 30, 2021 and 2020, respectively, are included in accounts payable and accrued liabilities in the statements of financial position. Both the asset and liability for split interest agreements are considered Level 2 per the fair value hierarchy.

MANOMET, INC.

Notes to Financial Statements

Note 7 – Net Assets and Endowment Matters

Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at September 30:

	2021	2020
Purpose restricted of a temporary nature:		
Unitrust	\$ 35,661	\$ 13,714
Programs	<u>1,780,995</u>	<u>1,340,475</u>
Total purpose restricted	<u>1,816,656</u>	<u>1,354,189</u>
Endowment net assets:		
Accumulated unspent investment income	7,576,140	5,091,069
Net assets in perpetuity:		
Research initiatives	15,074,973	15,074,973
General endowment	<u>1,009,261</u>	<u>1,002,696</u>
Total net assets in perpetuity	<u>16,084,234</u>	<u>16,077,669</u>
Total endowment net assets	<u>23,660,374</u>	<u>21,168,738</u>
Total	<u>\$ 25,477,030</u>	<u>\$ 22,522,927</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted programs purpose. Net assets released from restriction included \$65,308 for releases related to capital assets during the year ended September 30, 2021. All net assets released were for program purposes for the year ended September 30, 2021.

Endowment Assets and Those Functioning as Endowment Assets

The following is the composition of endowment assets and those functioning as endowment assets by net asset class as of September 30, 2021:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Accumulated unspent investment income	\$ -	\$ 7,576,140	\$ 7,576,140
Donor-restricted endowment funds to be maintained in perpetuity	-	16,084,234	16,084,234
Board-designated endowment funds	<u>3,707,147</u>	<u>-</u>	<u>3,707,147</u>
	<u>\$ 3,707,147</u>	<u>\$ 23,660,374</u>	<u>\$ 27,367,521</u>

MANOMET, INC.

Notes to Financial Statements

Note 7 – Net Assets and Endowment Matters (Continued)

Endowment Assets and Those Functioning as Endowment Assets (Continued)

The following is the composition of endowment assets and those functioning as endowment assets by net asset class as of September 30, 2020:

	<i>Net Assets without Donor Restrictions</i>	<i>Net Assets with Donor Restrictions</i>	<i>Total</i>
Accumulated unspent investment income	\$ -	\$ 5,091,069	\$ 5,091,069
Donor-restricted endowment funds to be maintained in perpetuity	-	16,077,669	16,077,669
Board-designated endowment funds	<u>3,318,287</u>	<u>-</u>	<u>3,318,287</u>
	<u>\$ 3,318,287</u>	<u>\$ 21,168,738</u>	<u>\$ 24,487,025</u>

The following represents required disclosure relative to the composition of endowment assets and those functioning as endowment assets at September 30, 2021:

	<i>Net Assets without Donor Restrictions</i>	<i>Net Assets with Donor Restrictions</i>	<i>Total</i>
Endowment assets and those functioning as endowment assets, beginning of year	<u>\$ 3,318,287</u>	<u>\$ 21,168,738</u>	<u>\$ 24,487,025</u>
Gifts and additions	<u>-</u>	<u>10,500</u>	<u>10,500</u>
Investment returns:			
Interest and dividends, net of management fees	26,844	171,277	198,121
Net realized and unrealized gains	<u>500,894</u>	<u>3,195,980</u>	<u>3,696,874</u>
Total investment returns	<u>527,738</u>	<u>3,367,257</u>	<u>3,894,995</u>
Expenditures:			
Amounts appropriated under endowment spending policy and spent for current operations	(115,933)	(739,723)	(855,656)
Amounts appropriated under endowment spending policy previously reserved and spent	(6,891)	(43,968)	(50,859)
Amounts appropriated under endowment spending policy and reserved for use in a future period	<u>(16,054)</u>	<u>(102,430)</u>	<u>(118,484)</u>
Total expenditures	<u>(138,878)</u>	<u>(886,121)</u>	<u>(1,024,999)</u>
Net investment returns and expenditures	<u>388,860</u>	<u>2,481,136</u>	<u>2,869,996</u>
Endowment assets and those functioning as endowment assets, end of year	<u>\$ 3,707,147</u>	<u>\$ 23,660,374</u>	<u>\$ 27,367,521</u>

MANOMET, INC.

Notes to Financial Statements

Note 7 – Net Assets and Endowment Matters (Continued)

Endowment Assets and Those Functioning as Endowment Assets (Continued)

The following represents required disclosure relative to the composition of endowment assets and those functioning as endowment assets at September 30, 2020:

	<i>Net Assets without Donor Restrictions</i>	<i>Net Assets with Donor Restrictions</i>	<i>Total</i>
Endowment assets and those functioning as endowment assets, beginning of year	\$ <u>3,186,200</u>	\$ <u>20,319,720</u>	\$ <u>23,505,920</u>
Gifts and additions	<u>-</u>	<u>5,840</u>	<u>5,840</u>
Investment returns:			
Interest and dividends, net of management fees	22,404	143,015	165,419
Net realized and unrealized gains	<u>244,851</u>	<u>1,562,995</u>	<u>1,807,846</u>
Total investment returns	<u>267,255</u>	<u>1,706,010</u>	<u>1,973,265</u>
Expenditures:			
Amounts appropriated under endowment spending policy and spent for current operations	(112,943)	(720,962)	(833,905)
Amounts appropriated under endowment spending policy previously reserved and spent	(6,057)	(38,662)	(44,719)
Amounts appropriated under endowment spending policy and reserved for use in a future period	<u>(16,168)</u>	<u>(103,208)</u>	<u>(119,376)</u>
Total expenditures	<u>(135,168)</u>	<u>(862,832)</u>	<u>(998,000)</u>
Net investment returns and expenditures	<u>132,087</u>	<u>843,178</u>	<u>975,265</u>
Endowment assets and those functioning as endowment assets, end of year	\$ <u>3,318,287</u>	\$ <u>21,168,738</u>	\$ <u>24,487,025</u>

Endowment

Manomet's endowment consists of 29 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Bequests over \$50,000 are added to Board-designated endowment funds. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

MANOMET, INC.

Notes to Financial Statements

Note 7 – Net Assets and Endowment Matters (Continued)

Interpretation of Relevant Law and Spending Policy

Manomet follows the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as adopted in Massachusetts. Accordingly, Manomet classifies as permanent endowment: (a) the original value of gifts donated, (b) the original gift value of subsequent gifts to the permanent endowment, and (c) 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. The remaining portion of the with donor restrictions endowment fund that is not classified as such is classified as temporary endowment until those amounts are appropriated for expenditure by Manomet in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Manomet considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of Manomet and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Manomet
- (7) The investment policies of Manomet

The Board of Trustees has established a maximum spending rate of four and one half percent of the net assets without donor restriction and net assets with donor restriction endowment funds. The computation for spending is generally based on a twelve-quarter trailing market value unless donors provide for earlier inclusion of their gift in the spending computation. This policy is designed to preserve the principal of the endowment fund, allow for capital appreciation to meet or exceed inflation and to generate reasonable operating income.

In addition, the Board of Trustees may approve additional spending from net assets without donor restriction endowment funds to be used for certain program capacity building initiatives. No such amounts were expended for the years ended September 30, 2021 and 2020.

For the fiscal year ended 2021, the Board of Trustees has designated only a portion of Manomet’s Board-designated endowment funds for support of current operations. The distributions from the individual Board-designated endowment funds and the individual donor-restricted endowment funds are budgeted to total approximately \$1,078,000 for the year ending September 30, 2022. However, the Board retains the discretion to modify its spending or transfer additional Board-designated endowment funds for other purposes beyond the originally budgeted amount of spending.

Manomet has a policy whereby Board-designated endowment amounts that are appropriated under the spending policy, as described above, and not spent in the current year are carried forward to future years to be spent. In future years when amounts are spent for current operations this activity is reported in operating revenue and support in the Statement of Activities.

MANOMET, INC.

Notes to Financial Statements

Note 7 – Net Assets and Endowment Matters (Continued)

Interpretation of Relevant Law and Spending Policy (Continued)

Manomet also has a policy whereby non-endowment related surpluses in net assets without donor restrictions are earmarked in the current period and reserved to be spent in future periods. In future years when amounts are spent for current operations this activity is reported in operating revenue and support in the Statement of Activities.

Following is a summary of activity for the years ended September 30:

	2021	2020
Balance, beginning of year	\$ 449,927	\$ 173,218
Endowment funds		
Amounts allocated under endowment spending policy and not spent in the current year	169,343	164,095
Amounts appropriated in prior years and spent in the current year	<u>(50,859)</u>	<u>(44,719)</u>
Net amounts appropriated under endowment spending policy reserved for future periods	118,484	119,376
Board-designated non-endowment funds		
Earmarked to be spent in future periods	32,767	184,459
Amounts earmarked in prior periods and spent in the current year	<u>(27,069)</u>	<u>(27,126)</u>
Net amounts earmarked in current period reserved for future periods	<u>5,698</u>	<u>157,333</u>
Balance, end of year	<u><u>\$ 574,109</u></u>	<u><u>\$ 449,927</u></u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Manomet to retain as a fund of perpetual duration. In accordance with accounting standards, deficiencies of this nature are reported in net assets without donor restrictions. There were no funds with deficiencies at September 30, 2021 and 2020.

Return Objectives and Risk Parameters

Manomet's investment portfolio is managed to provide for the long-term support of Manomet. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed-upon levels of risk. It is the goal of the aggregate long-term investments to generate a long-term target rate of return of at least 7.5%.

MANOMET, INC.

Notes to Financial Statements

Note 7 – Net Assets and Endowment Matters (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Manomet relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Manomet targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, Manomet seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

Note 8 – Natural Classification of Expenses

Expenses presented by natural classification and function are as follows for the years ended September 30:

	2021					
	Conservation Programs	Sustainability Programs	Total Programs	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,159,565	\$ 576,574	\$ 1,736,139	\$ 1,001,511	\$ 160,573	\$ 2,898,223
Contractual services	762,157	76,626	838,783	307,748	49,850	1,196,381
Travel and meetings	66,966	3,359	70,325	37,072	1,064	108,461
Printing and postage	6,511	1,744	8,255	11,348	17,013	36,616
Equipment and supplies	172,626	57,624	230,250	177,592	10,636	418,478
	\$ 2,167,825	\$ 715,927	\$ 2,883,752	\$ 1,535,271	\$ 239,136	\$ 4,658,159
	2020					
	Conservation Programs	Sustainability Programs	Total Programs	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,052,177	\$ 793,702	\$ 1,845,879	\$ 944,670	\$ 241,857	\$ 3,032,406
Contractual services	729,571	111,787	841,358	267,336	30,049	1,138,743
Travel and meetings	91,476	27,414	118,890	15,141	4,737	138,768
Printing and postage	10,652	3,908	14,560	5,960	8,704	29,224
Equipment and supplies	119,150	72,729	191,879	144,874	10,572	347,325
	\$ 2,003,026	\$ 1,009,540	\$ 3,012,566	\$ 1,377,981	\$ 295,919	\$ 4,686,466

MANOMET, INC.

Notes to Financial Statements

Note 9 – Retirement Plan

Manomet has a qualified 403(b) defined contribution retirement plan for all eligible employees. Employee participants may elect to defer a portion of their compensation subject to Internal Revenue Service limitations. Manomet contributes between four and six percent of current year salary for eligible employees. Additional contributions to the plan are at the discretion of the Board of Trustees but may not exceed the maximum amount permitted under the Internal Revenue Code. Manomet's contributions to the plan were \$121,326 and \$155,681 for the years ended September 30, 2021 and 2020, respectively.

Note 10 – Concentration of Credit Risk

Manomet maintains its cash and cash equivalents accounts at various financial institutions which may, at times, exceed federally insured limits. Manomet has not experienced any losses in such accounts. Financial instruments, which potentially subject Manomet to concentration of credit risk, consist principally of accounts receivable. Credit risk with receivables is concentrated among Federal agencies.

Note 11 – Commitments and Contingencies

Manomet leases office space and equipment under several lease agreements, which expire at dates through September 2023. Minimum future rental payments under the non-cancelable operating leases for each of the remaining years and in the aggregate are:

<i>Year Ending September 30,</i>	
2022	\$ 32,552
2023	<u>33,588</u>
Total minimum lease payments	\$ <u>66,140</u>

Rent expense was \$46,040 and \$52,469 for the years ended September 30, 2021 and 2020, respectively.

On March 11, 2020, The World Health Organization declared the outbreak of coronavirus (COVID-19) a global pandemic. Manomet has been, and will continue to be, impacted by the pandemic due to many projects being delayed or on hold, increased cleaning costs, and many personnel moving to a remote working environment. Accordingly, there is uncertainty related to the future effects of the pandemic.