

MOBILE BAYKEEPER, INC.

FINANCIAL REPORT

DECEMBER 31, 2022

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mobile Baykeeper, Inc.
Mobile, Alabama

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Mobile Baykeeper, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mobile Baykeeper, Inc. as of December 31, 2022 and 2021, 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

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Mobile Baykeeper, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Mobile Baykeeper, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mobile Baykeeper Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mobile Baykeeper Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Kim K. Enikeieff

March 31, 2023

MOBILE BAYKEEPER, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

ASSETS	2022	2021
Current assets		
Cash	\$ 227,420	\$ 325,724
Investments	460,217	469,525
Unconditional promises to give, without donor restrictions	-	8,050
Grants receivable	32,681	63,288
Prepaid expenses	7,566	6,629
Total current assets	727,884	873,216
Unconditional promises to give, without donor restrictions	-	12,900
Property, plant and equipment		
Boat	24,500	24,500
Furniture, fixtures and equipment	105,855	103,845
Vehicle	15,000	15,000
Leasehold improvements	5,794	5,794
Less accumulated depreciation	(129,534)	(120,717)
Total property and equipment	21,615	28,422
Right-of-use lease assets - operating lease	92,018	-
Less accumulated amortization	(46,219)	-
Total right-to-use assets	45,799	-
Total property, plant and equipment	67,414	28,422
Total assets	\$ 795,298	\$ 914,538
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 41,518	\$ 14,802
Current portion of lease liability - operating lease	36,568	-
Total current liabilities	78,086	14,802
Long-term lease liability - operating lease	9,231	-
Total liabilities	87,317	14,802
Net assets		
Undesignated	592,057	772,858
Board designated endowment	34,424	39,928
Total without donor restrictions	626,481	812,786
With donor restrictions	81,500	86,950
Total net assets	707,981	899,736
Total liabilities and net assets	\$ 795,298	\$ 914,538

See notes to financial statements.

MOBILE BAYKEEPER, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Special events	\$ 154,198	\$ -	\$ 154,198	\$ 190,445	\$ -	\$ 190,445
Less cost of special events	81,827	-	81,827	40,965	-	40,965
Net special events	72,371	-	72,371	149,480	-	149,480
Membership and other contributions	218,519	-	218,519	124,157	15,700	139,857
Grants	361,326	81,500	442,826	480,881	66,000	546,881
Payroll Protection Program	-	-	-	106,542	-	106,542
Investment income	(10,727)	-	(10,727)	7,048	-	7,048
Merchandise sales	2,520	-	2,520	6,170	-	6,170
Penalty per consent decree	14,500	-	14,500	70,150	-	70,150
Donations in-kind	7,500	-	7,500	-	-	-
Other income	506	-	506	1,083	-	1,083
Net assets released from restrictions	86,950	(86,950)	-	136,600	(136,600)	-
Total support and revenue	753,465	(5,450)	748,015	1,082,111	(54,900)	1,027,211
Expenses						
Program Services						
Membership	114,081	-	114,081	99,948	-	99,948
Educate and engage	361,109	-	361,109	330,224	-	330,224
Infrastructure	125,338	-	125,338	92,889	-	92,889
Responsible growth	140,440	-	140,440	136,439	-	136,439
Total program services	740,968	-	740,968	659,500	-	659,500
Supporting Services:						
Management and general	108,609	-	108,609	82,764	-	82,764
Fundraising	90,193	-	90,193	61,137	-	61,137
Total supporting services	198,802	-	198,802	143,901	-	143,901
Total expenses	939,770	-	939,770	803,401	-	803,401
Change in net assets	(186,305)	(5,450)	(191,755)	278,710	(54,900)	223,810
Net assets, beginning of year	812,786	86,950	899,736	534,076	141,850	675,926
Net assets, end of year	\$ 626,481	\$ 81,500	\$ 707,981	\$ 812,786	\$ 86,950	\$ 899,736

See notes to financial statements.

MOBILE BAYKEEPER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services							
	Membership	Educate and Engage	Infrastructure	Responsible Growth	Total	General and Administrative	Fundraising	Total Expenses
Accounting	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 6,400	\$ 800	\$ 800	\$ 8,000
Advertising	2,352	33,971	-	-	36,323	50	-	36,373
Bank charges	381	4	-	-	385	289	-	674
Baykeeper boat	-	1,649	131	96	1,876	-	-	1,876
Computer expenses	3,318	3,388	999	2,771	10,476	5,397	5,838	21,711
Conference, meetings, and travel	7,152	3,338	1,167	6,323	17,980	3,314	4,210	25,504
Consulting and legal fees	1,100	7,187	-	8,076	16,363	3,822	868	21,053
Donations and grants to other organizations	11	516	-	-	527	322	-	849
Dues and memberships	4,002	250	-	700	4,952	-	-	4,952
Education	115	1,067	-	-	1,182	334	-	1,516
Insurance	2,589	2,589	2,589	2,588	10,355	1,294	1,294	12,943
Merchandise	792	940	-	-	1,732	-	-	1,732
Office furniture and equipment	-	473	-	-	473	5,111	-	5,584
Office supplies	120	174	-	-	294	5,408	849	6,551
Personnel costs	66,604	266,418	99,907	99,907	532,836	66,604	66,604	666,044
Postage	3,463	99	-	5	3,567	26	162	3,755
Printing	2,108	526	-	-	2,634	592	378	3,604
Program supplies	-	18,482	486	-	18,968	-	-	18,968
Rent	9,980	9,980	9,980	9,980	39,920	4,990	4,990	49,900
Repairs	-	64	85	-	149	6,057	-	6,206
Uncollectible pledge expense	-	-	-	-	-	-	-	-
Utilities	5,204	5,204	5,204	5,204	20,816	2,601	2,602	26,019
Total expenses before depreciation	110,891	357,919	122,148	137,250	728,208	107,011	88,595	923,814
Depreciation	3,190	3,190	3,190	3,190	12,760	1,598	1,598	15,956
Total expenses	<u>\$ 114,081</u>	<u>\$ 361,109</u>	<u>\$ 125,338</u>	<u>\$ 140,440</u>	<u>\$ 740,968</u>	<u>\$ 108,609</u>	<u>\$ 90,193</u>	<u>\$ 939,770</u>

See notes to financial statements.

MOBILE BAYKEEPER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services					General and Administrative	Fundraising	Total Expenses
	Membership	Educate and Engage	Infrastructure	Responsible Growth	Total			
Accounting	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 6,400	\$ 800	\$ 800	\$ 8,000
Advertising	3,554	37,072	-	25,714	66,340	272	-	66,612
Bank charges	429	-	-	-	429	189	-	618
Baykeeper boat	-	76	-	1,331	1,407	-	-	1,407
Computer expenses	2,145	2,101	240	1,671	6,157	2,448	-	8,605
Conference, meetings, and travel	2,113	8,667	768	1,382	12,930	2,486	-	15,416
Consulting and legal fees	750	5,637	-	10,811	17,198	1,040	-	18,238
Donations and grants to other organizations	-	211	-	-	211	-	-	211
Dues and memberships	250	1,375	-	150	1,775	-	-	1,775
Education	-	72	-	-	72	4	-	76
Insurance	2,095	2,095	2,095	2,095	8,380	1,049	1,048	10,477
Member mailing	2,845	-	-	-	2,845	-	-	2,845
Merchandise	6,496	342	-	-	6,838	-	-	6,838
Office furniture and equipment	-	295	-	-	295	5,348	-	5,643
Office supplies	71	1,265	-	56	1,392	1,739	-	3,131
Personnel costs	55,616	236,040	71,893	71,186	434,735	57,097	51,117	542,949
Postage	2,493	112	-	1,095	3,700	7	-	3,707
Printing	2,769	127	-	3,055	5,951	759	-	6,710
Program supplies	429	16,816	-	-	17,245	-	25	17,270
Rent	8,830	8,830	8,830	8,830	35,320	4,415	4,415	44,150
Repairs	-	28	-	-	28	1,380	-	1,408
Uncollectible pledge expense	-	-	-	-	-	-	-	-
Utilities	4,149	4,149	4,149	4,149	16,596	2,075	2,075	20,746
Total expenses before depreciation	96,634	326,910	89,575	133,125	646,244	81,108	59,480	786,832
Depreciation	3,314	3,314	3,314	3,314	13,256	1,656	1,657	16,569
Total expenses	<u>\$ 99,948</u>	<u>\$ 330,224</u>	<u>\$ 92,889</u>	<u>\$ 136,439</u>	<u>\$ 659,500</u>	<u>\$ 82,764</u>	<u>\$ 61,137</u>	<u>\$ 803,401</u>

See notes to financial statements.

MOBILE BAYKEEPER, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	\$ (191,755)	\$ 223,810
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	15,956	16,569
Noncash portion of lease expense for operating lease	46,219	-
Repayment of lease liability for operating lease	(46,219)	-
Donated equipment	(7,500)	-
Donated stocks and bonds	(1,623)	(2,289)
Net realized and unrealized (gain) loss on investments	10,931	(6,895)
(Increase) decrease in:		
Promises to give	20,950	1,540
Grants receivable	30,607	(13,191)
Prepaid expenses	(937)	(2,414)
Increase (decrease) in:		
Accounts payable and accrued expenses	26,716	832
Net cash (used) provided by operating activities	(96,655)	217,962
Cash flows from investing activities:		
Purchase of fixed assets	(1,649)	(9,055)
Purchase of investments	-	(150,000)
Net cash used by investing activities	(1,649)	(159,055)
Net (decrease) increase in cash	(98,304)	58,907
Cash, beginning of year	325,724	266,817
Cash, end of year	\$ 227,420	\$ 325,724

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Nature of Business

Mobile Baykeeper, Inc. (the "Organization") is a nonprofit organization located in Mobile, Alabama. The Organization provides citizens a means to protect the beauty, health, and heritage of the Mobile Bay Watershed. Revenues are derived mainly from memberships, contributions, fundraising and grant proceeds.

The Organization is directed by an active Board of Directors whose members serve without compensation.

Summary of Significant Accounting Policies

Basis of presentation

The accompanying financial statements have been prepared utilizing the accrual basis of accounting.

Cash and cash equivalents

Cash and cash equivalents include all demand deposit accounts, money market accounts and certificates of deposit.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization values its financial assets and liabilities based on 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. A fair value hierarchy that prioritizes the inputs to valuation techniques is used to measure the fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into the following three levels, based on the reliability of the inputs:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date;

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

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

Summary of Significant Accounting Policies (continued)

Promises to give

Pledges receivable are stated net of an allowance for uncollectible pledges. The estimated losses are based on management's evaluation of outstanding pledges receivable at the end of the year. The allowance for uncollectible pledges for pledges receivable was \$0 and \$30,000 at December 31, 2022 and 2021, respectively.

Property and equipment

Property and equipment is stated at cost, or in the case of gifts, fair value at the date of donation. The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Depreciation is provided principally on the straight-line method over the estimated useful lives of the depreciable assets.

Net assets

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or program restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

The Organization classifies donor-restricted contributions as net assets without donor restrictions if those restrictions are satisfied in the same reporting period.

Net assets with donor restrictions represent contributions which are restricted by donor stipulation.

Income taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation.

A policy for accounting for uncertainty in income taxes was adopted in prior years that require the Organization to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The Organization has no uncertain tax positions that qualified for either recognition or disclosure in the financial statements at December 31, 2022 or December 31, 2021.

Cost allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses have been allocated between Program Services, General and Administrative, and Fundraising based on an analysis of personnel time and space utilized for the related activities.

Summary of Significant Accounting Policies (continued)

Grant and cooperative agreements

The Organization receives grants and contracts from federal and state agencies, as well as from private organizations, to be used for specific programs. The Organization's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Organization.

Estimates

The preparation of financial statements in conformity 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.

Donated materials and services

Donated materials or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Organization's program services.

Adoption of new lease standard

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases* (ASC Topic 842) and subsequent amendments. ASC 842 affects all organizations that enter into lease arrangements, with certain exclusions under limited scope limitations. Under ASU 2016-02, an entity recognizes right-of-use assets and lease obligations on its statement of financial position for all leases with a lease term of more than 12 months. Short-term rentals under year-to-year leases or remaining lease terms of 12 months or less are exempt from being capitalized.

In adopting the new lease standard, the Organization elected to use a transition method under which existing leases were measured and capitalized as of the date of adoption, January 1, 2022, in lieu of applying the standard retrospectively to January 1, 2021. Consequently, the 2021 financial statements and disclosures do not reflect the effects of implementing the new lease standard.

Additionally, as part of the implementation, the Organization elected to use a package of optional practical expedients which permit the Organization to avoid reassessing previous lease identifications within contracts, the existence of initial direct costs, and the lease classifications of any expired and existing leases. Moreover, in accordance with the expedients, all leases classified as operating leases under previous U.S. GAAP are automatically classified as operating leases under the new standard, and all leases previously classified as capital leases are recorded as finance leases.

Leases recognized under the new standard include leases that were not capitalized under U.S. Generally Accepted Accounting Principles (U.S. GAAP), as well as certain other leases that were capitalized based on different GAAP criteria.

On January 1, 2022 the Organization recorded in its January 1, 2022 statement of financial position a right-of-use asset and lease obligation for operating leases in the amount of \$92,018.

Significant Accounting Policies (continued)

Lease policies

The new standard requires that leases with a lease term of more than 12 months be classified as either finance or operating leases. Leases are classified as finance leases when the Organization expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, the Organization is not expected to consume a major part of the economic benefits of assets classified as operating leases. The lease classification affects both the pattern and presentation of expense recognized in the statement of activities, the categorization of assets and liabilities in the statement of financial position, and classification of cash flows in the statement of cash flows.

Total lease costs consist of two components; amortization expense related to the write-off of right-of-use assets, and interest expense from lease obligations.

The Organization has made a policy election not to capitalize certain short-term leases with a lease term of 12 months or less.

For finance leases, total lease cost is recorded on an accelerated basis and consists of two components; amortization expense and the related write-off of right-of-use assets, and interest expense from lease obligations. Interest expense is recorded using the effective interest method and right-of use assets are amortized on a straight -line basis over the remaining lease term. For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term.

Non-lease components, such as common area maintenance (CAM) charges, are separated from lease components based on the terms of the related lease. Variable lease components consist of real estate taxes and insurance charges related to the real estate lease, and are recorded as lease expense as incurred.

Lease obligations are measured and recorded at the present value of future lease payments using a discount rate. Because the Organization generally does not have access to the rate implicit in each lease, lease obligations are measured using the incremental borrowing rate as the discount rate. The incremental borrowing rate is the rate that would be paid to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment.

The Organization uses a portfolio approach to apply a single incremental borrowing rate of 4% to its equipment leases, real estate leases and finance leases.

Right-of-use assets are generally measured and recorded as the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

No additional leases were capitalized in 2022.

Evaluation of subsequent events

The Organization has evaluated subsequent events through March 31, 2023, the date which the financial statements were available to be issued.

Restrictions on Net Assets

Net assets with donor restrictions are available for the following purposes or periods at December 31:

	<u>2022</u>	<u>2021</u>
Pledges receivable	\$ -	\$ 20,950
Educate and engage	81,500	42,000
Infrastructure	-	-
Responsible growth	-	24,000
Total	<u>\$ 81,500</u>	<u>\$ 86,950</u>

Promises to Give

Unconditional promises to give at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Promises without donor restrictions	\$ -	\$ 50,950
Gross unconditional promises to give	-	50,950
Less allowance for uncollectible promises	-	30,000
Net unconditional promises to give	<u>\$ -</u>	<u>\$ 20,950</u>
Amounts due in:		
Less than one year	\$ -	\$ 19,450
One to five years	-	31,500
Gross unconditional promises to give	<u>\$ -</u>	<u>\$ 50,950</u>

The discount on the long-term promises to give to determine the net present value was not significant.

Investments

The Community Foundation of South Alabama holds and invests a portion of the Organization's investment portfolio. The funds are under the control of the Community Foundation of South Alabama and at the request of the Organization, the Foundation disburses funds as needed.

Investments (continued)

Investments are stated at fair value and are summarized as follows as of December 31:

2022				
Fair value measurements using				
	Measured at Fair Value	Level 1	Level 2	Level 3
Community Foundation of				
South Alabama	\$ 34,424	\$ 34,424	\$ -	\$ -
Bank Sweep	1,289	1,289	-	-
Money Market Funds	60,670	60,670	-	-
Fixed Income	249,002	249,002	-	-
Bond Funds	114,832	114,832	-	-
Total	<u>\$ 460,217</u>	<u>\$ 460,217</u>	<u>\$ -</u>	<u>\$ -</u>
2021				
Fair value measurements using				
	Measured at Fair Value	Level 1	Level 2	Level 3
Community Foundation of				
South Alabama	\$ 39,928	\$ 39,928	\$ -	\$ -
Bank Sweep	154,394	154,394	-	-
Money Market Funds	151,221	151,221	-	-
Bond Funds	123,982	123,982	-	-
Total	<u>\$ 469,525</u>	<u>\$ 469,525</u>	<u>\$ -</u>	<u>\$ -</u>

Investments (continued)

Investment return for the years ended December 31 is summarized as follows:

	<u>2022</u>		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 7,924	\$ -	\$ 7,924
Realized gains (losses)	(5,778)	-	(5,778)
Unrealized gains (losses)	(12,349)	-	(12,349)
Administrative fees	(524)	-	(524)
Total	<u>\$ (10,727)</u>	<u>\$ -</u>	<u>\$ (10,727)</u>

	<u>2021</u>		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 5,158	\$ -	\$ 5,158
Realized gains (losses)	(3,141)	-	(3,141)
Unrealized gains (losses)	5,564	-	5,564
Administrative fees	(533)	-	(533)
Total	<u>\$ 7,048</u>	<u>\$ -</u>	<u>\$ 7,048</u>

Governing Board Designations

Mobile Baykeeper, Inc.'s governing board has designated, from net assets without donor restrictions of \$626,481 and \$812,786 as of December 31, 2022 and 2021, respectively, net assets for the following purposes as of December 31:

	<u>2022</u>	<u>2021</u>
Quasi-endowment	<u>\$ 34,424</u>	<u>\$ 39,928</u>
Total	<u>\$ 34,424</u>	<u>\$ 39,928</u>

Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end	\$ 720,318	\$ 879,487
Less those unavailable for general expenditures within one year, due to:		
Board designations: Quasi endowment fund	34,424	39,928
Donor restricted	<u>81,500</u>	<u>86,950</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 604,394</u>	<u>\$ 752,609</u>

Federal Financial Assistance

The Organization received a second draw of funding under the Paycheck Protection Program as a promissory note through a bank which was issued by the Small Business Administration on January 29, 2021 in the amount of \$106,542. Under the Cares Act, the Organization has the opportunity to have the loan forgiven if certain compliance requirements are met for a period greater than eight-weeks but less than 24 weeks following the date of the loan. The Organization applied for and received forgiveness on October 18, 2021.

	<u>2022</u>	<u>2021</u>
Refundable advance, beginning of year	\$ -	\$ -
Grant receipts	-	106,542
Grant expenditures	-	<u>(106,542)</u>
Refundable advance, end of year	<u>\$ -</u>	<u>\$ -</u>

Leases

Amounts recognized as right-of-use assets related to operating leases are included in property, plant and equipment in the statement of financial position, while related lease liabilities are included in the current and long-term debt.

As of December 31, 2022 right-of-use assets and liabilities related to operating leases were as follows:

Right-of use assets:

	<u>Operating Lease</u>
Cost	\$ 92,018
Less: accumulated amortization	<u>(46,219)</u>
Total	<u>\$ 45,799</u>

Lease liabilities:

	<u>Operating Lease</u>
Current portion	\$ 36,568
Long-term portion	<u>9,231</u>
Total	<u>\$ 45,799</u>

The Organization leases office space from a third party. The terms of the lease provide for annual base rent payments over four years in amounts ranging from \$44,150 to \$49,900 through 2024, with no renewal options. In addition to base rent, the Organization pays a percentage of common area maintenance (CAM) charges, and real estate taxes and insurance. In the statement of functional expenses, CAM charges are classified as repairs and maintenance expense.

Maturity analysis and reconciliation to the statement of financial position:

A summary of the future payments for operating leases reconciled to the lease liability recorded at December 31, 2022 follows:

	<u>Operating Lease</u>
2023	\$ 38,400
2024	9,600
Total future lease payments	<u>48,000</u>
Less effects of discounting	2,201
Lease liability recorded at December 31, 2022	<u>45,799</u>
Less current portion	36,568
Long-term lease liability	<u>\$ 9,231</u>