



Natural Resources Council of Maine and Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 and 2021

With Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

Board of Directors
Natural Resources Council of Maine and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Natural Resources Council of Maine and Subsidiary, which comprise the statements of financial position as of March 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Natural Resources Council of Maine and Subsidiary as of March 31, 2022 and 2021, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Natural Resources Council of Maine and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Natural Resources Council of Maine and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. 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 consolidated financial statements.

Board of Directors
Natural Resources Council of Maine and Subsidiary

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Natural Resources Council of Maine and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Natural Resources Council of Maine and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
August 8, 2022

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Consolidated Statements of Financial Position

March 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,253,113	\$ 1,428,046
Prepaid expenses and other assets	69,528	60,398
Contributions and grants receivable	332,204	622,424
Property and equipment, net of accumulated depreciation	295,989	340,560
Gifts of future interests	361,354	1,138,872
Investments	<u>15,512,715</u>	<u>12,707,490</u>
Total assets	<u>\$17,824,903</u>	<u>\$16,297,790</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 147,711	\$ 277,243
Gift annuities payable	<u>157,685</u>	<u>149,089</u>
Total liabilities	<u>305,396</u>	<u>426,332</u>
Net assets		
Without donor restrictions		
Board-designated	13,172,837	10,397,795
Invested in property and equipment	295,989	340,560
Undesignated	<u>1,200,214</u>	<u>1,258,666</u>
Total net assets without donor restrictions	14,669,040	11,997,021
With donor restrictions	<u>2,850,467</u>	<u>3,874,437</u>
Total net assets	<u>17,519,507</u>	<u>15,871,458</u>
Total liabilities and net assets	<u>\$17,824,903</u>	<u>\$16,297,790</u>

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

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended March 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenue, gains, and other support			
Membership and major donors	\$ 1,811,252	\$ 187,198	\$ 1,998,450
Foundations	412,050	693,500	1,105,550
Miscellaneous income	2,433	-	2,433
Donated services	23,491	103,086	126,577
Investment appropriation for operations	200,000	-	200,000
Designation of 2022 investment appropriation for 2023 expenses	(200,000)	-	(200,000)
Investment appropriation for operations	107,500	-	107,500
Net assets released from restrictions	<u>1,997,792</u>	<u>(1,997,792)</u>	<u>-</u>
Total operating revenue, gains, and other support	<u>4,354,518</u>	<u>(1,014,008)</u>	<u>3,340,510</u>
Operating expenses			
Climate and clean energy	456,512	-	456,512
Sustainable Maine	266,780	-	266,780
Forests and wildlife	161,911	-	161,911
Healthy waters	309,489	-	309,489
Lobbying	68,190	-	68,190
Emerging issues	240,054	-	240,054
Communications	426,739	-	426,739
Outreach	281,189	-	281,189
Federal	213,686	-	213,686
Management and general	399,207	-	399,207
Development and fundraising	276,072	-	276,072
Action Fund	<u>275,651</u>	<u>-</u>	<u>275,651</u>
Total operating expenses	<u>3,375,480</u>	<u>-</u>	<u>3,375,480</u>
Net operating income (loss)	<u>979,038</u>	<u>(1,014,008)</u>	<u>(34,970)</u>
Non-operating income (loss)			
Uncollectible contributions receivable	-	(10,000)	(10,000)
Contributions, Board-designated	1,637,776	-	1,637,776
Change in value and donation of gift annuities	(18,265)	-	(18,265)
Change in value of gifts of future interests	-	(63,916)	(63,916)
Net investment gain, net of appropriations	<u>73,470</u>	<u>63,954</u>	<u>137,424</u>
Net non-operating income (loss)	<u>1,692,981</u>	<u>(9,962)</u>	<u>1,683,019</u>
Change in net assets	2,672,019	(1,023,970)	1,648,049
Net assets, beginning of year	<u>11,997,021</u>	<u>3,874,437</u>	<u>15,871,458</u>
Net assets, end of year	<u>\$ 14,669,040</u>	<u>\$ 2,850,467</u>	<u>\$ 17,519,507</u>

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

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended March 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenue, gains, and other support			
Membership and major donors - NRCM	\$ 1,812,568	\$ 45,699	\$ 1,858,267
Foundations	199,226	378,881	578,107
Payroll Protection Program loan forgiveness	453,000	-	453,000
Miscellaneous income	12,881	-	12,881
Donated services	23,073	13,005	36,078
Net assets released from restrictions	<u>1,230,366</u>	<u>(1,230,366)</u>	<u>-</u>
Total operating revenue, gains, and other support	<u>3,731,114</u>	<u>(792,781)</u>	<u>2,938,333</u>
Operating expenses			
Climate and clean energy	484,257	-	484,257
Sustainable Maine	237,131	-	237,131
Forests and wildlife	171,571	-	171,571
Healthy waters	224,853	-	224,853
Lobbying	30,563	-	30,563
Emerging issues	295,697	-	295,697
Communications	423,146	-	423,146
Outreach	217,116	-	217,116
Federal	201,341	-	201,341
Management and general	354,268	-	354,268
Development and fundraising	295,103	-	295,103
Action Fund	<u>3,414</u>	<u>-</u>	<u>3,414</u>
Total operating expenses	<u>2,938,460</u>	<u>-</u>	<u>2,938,460</u>
Net operating income (loss)	<u>792,654</u>	<u>(792,781)</u>	<u>(127)</u>
Non-operating income (loss)			
Capital campaign contributions	44,801	240,853	285,654
Capital campaign expenses	(24,662)	-	(24,662)
Contributions, Board-designated	87,348	-	87,348
Change in value and donation of gift annuities	(7,579)	-	(7,579)
Net investment gain	<u>2,586,459</u>	<u>862,771</u>	<u>3,449,230</u>
Net non-operating income	<u>2,686,367</u>	<u>1,103,624</u>	<u>3,789,991</u>
Change in net assets	3,479,021	310,843	3,789,864
Net assets, beginning of year	<u>8,518,000</u>	<u>3,563,594</u>	<u>12,081,594</u>
Net assets, end of year	<u>\$ 11,997,021</u>	<u>\$ 3,874,437</u>	<u>\$ 15,871,458</u>

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

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended March 31, 2022

	Climate and Clean Energy	Sustain- able Maine	Forests and Wildlife	Healthy Waters	Lobbying	Emerging Issues	Communi- cations	Outreach	Federal	Total Programs	Allocated Overhead and Member Engage- ment	Manage- ment and General	Development and Fundraising	Action Fund	Total Expenses
Personnel															
Salaries and wages	\$ 194,035	\$ 130,082	\$ 73,024	\$ 102,554	\$ 28,560	\$ 110,279	\$ 159,833	\$ 129,478	\$ 97,801	\$ 1,025,646	\$ 391,466	\$ 204,581	\$ 99,891	\$ 1,106	\$ 1,722,690
Payroll taxes and employee benefits	64,228	42,520	23,069	33,021	11,113	37,716	53,365	43,398	31,279	339,709	119,493	70,461	35,841	449	565,953
Professional services	<u>70,361</u>	<u>21,488</u>	<u>1,250</u>	<u>104,744</u>	<u>-</u>	<u>3,248</u>	<u>19,513</u>	<u>5,342</u>	<u>11,508</u>	<u>237,454</u>	<u>59,415</u>	<u>3,307</u>	<u>1,247</u>	<u>273,143</u>	<u>574,566</u>
Total personnel	<u>328,624</u>	<u>194,090</u>	<u>97,343</u>	<u>240,319</u>	<u>39,673</u>	<u>151,243</u>	<u>232,711</u>	<u>178,218</u>	<u>140,588</u>	<u>1,602,809</u>	<u>570,374</u>	<u>278,349</u>	<u>136,979</u>	<u>274,698</u>	<u>2,863,209</u>
Other expenses															
Telephone	1,085	840	420	420	-	1,260	350	910	385	5,670	9,508	-	1,295	-	16,473
Advertising	2,634	1,132	356	1,170	17,047	127	25,174	125	1,558	49,323	175	-	-	-	49,498
Postage	874	9	12	-	-	2,696	25,810	110	-	29,511	6,953	598	15,932	-	52,994
Printing	6,025	54	27	-	-	6,688	42,172	111	423	55,500	10,070	543	22,707	-	88,820
Travel	201	176	692	50	48	441	246	323	50	2,227	1,549	227	577	184	4,764
Conferences and meetings	889	1,021	159	-	-	910	-	2,154	250	5,383	6,521	234	2,463	-	14,601
Subscriptions and dues	1,273	250	680	-	83	5,247	8,586	3,482	863	20,464	320	10,949	598	478	32,809
Occupancy	-	-	-	-	-	-	-	-	-	-	41,665	-	-	-	41,665
Insurance	-	-	-	-	-	-	-	-	-	-	19,186	-	-	-	19,186
Equipment maintenance	-	-	-	-	-	5,625	-	16,373	-	21,998	33,294	31,052	17,298	-	103,642
Depreciation	-	-	-	-	-	-	-	-	-	-	47,242	-	-	-	47,242
Bank charges	-	-	-	-	-	-	-	-	-	-	-	393	-	-	393
Supplies	-	-	-	-	-	-	-	-	-	-	1,988	681	-	-	2,669
Cost of goods sold	-	-	-	-	-	-	2,168	-	-	2,168	-	-	-	-	2,168
Lists	-	-	-	-	-	1,125	-	-	-	1,125	-	-	2,250	-	3,375
Copier lease	720	720	720	720	-	720	720	720	720	5,760	-	682	789	-	7,231
Miscellaneous	-	5,288	44	-	-	150	636	2,891	144	9,153	813	1,534	13,241	-	24,741
Total other expenses	<u>13,701</u>	<u>9,490</u>	<u>3,110</u>	<u>2,360</u>	<u>17,178</u>	<u>24,989</u>	<u>105,862</u>	<u>27,199</u>	<u>4,393</u>	<u>208,282</u>	<u>179,284</u>	<u>46,893</u>	<u>77,150</u>	<u>662</u>	<u>512,271</u>
Allocated overhead	<u>114,187</u>	<u>63,200</u>	<u>61,458</u>	<u>66,810</u>	<u>11,339</u>	<u>63,822</u>	<u>88,166</u>	<u>75,772</u>	<u>68,705</u>	<u>613,459</u>	<u>(749,658)</u>	<u>73,965</u>	<u>61,943</u>	<u>291</u>	<u>-</u>
Total expenses	<u>\$ 456,512</u>	<u>\$ 266,780</u>	<u>\$ 161,911</u>	<u>\$ 309,489</u>	<u>\$ 68,190</u>	<u>\$ 240,054</u>	<u>\$ 426,739</u>	<u>\$ 281,189</u>	<u>\$ 213,686</u>	<u>\$ 2,424,550</u>	<u>\$ -</u>	<u>\$ 399,207</u>	<u>\$ 276,072</u>	<u>\$ 275,651</u>	<u>\$ 3,375,480</u>

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

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended March 31, 2021

	Climate and Clean Energy	Sustain- able Maine	Forests and Wildlife	Healthy Waters	Lobbying	Emerging Issues	Commun- ications	Outreach	Federal	Total Programs	Allocated Overhead and Member Engage- ment	Manage- ment and General	Development and Fundraising	Develop- ment and Fund- raising - Campaign	Action Fund	Total Expenses
Personnel																
Salaries and wages	\$ 261,038	\$127,603	\$ 77,566	\$ 76,646	\$ 15,956	\$132,698	\$ 165,568	\$ 79,384	\$107,513	\$1,043,972	\$ 432,741	\$173,101	\$ 115,392	\$ 11,444	\$ 818	\$1,777,468
Payroll taxes and employee benefits	76,034	35,863	21,898	20,644	4,473	38,057	45,227	23,024	30,898	296,118	130,316	40,902	30,731	3,320	203	501,590
Professional services	<u>11,215</u>	<u>138</u>	<u>1,549</u>	<u>58,349</u>	<u>-</u>	<u>1,751</u>	<u>16,026</u>	<u>12,657</u>	<u>485</u>	<u>102,170</u>	<u>55,627</u>	<u>1,589</u>	<u>1,251</u>	<u>1,400</u>	<u>-</u>	<u>162,037</u>
Total personnel	<u>348,287</u>	<u>163,604</u>	<u>101,013</u>	<u>155,639</u>	<u>20,429</u>	<u>172,506</u>	<u>226,821</u>	<u>115,065</u>	<u>138,896</u>	<u>1,442,260</u>	<u>618,684</u>	<u>215,592</u>	<u>147,374</u>	<u>16,164</u>	<u>1,021</u>	<u>2,441,095</u>
Other expenses																
Telephone	490	840	420	420	-	1,260	420	525	665	5,040	10,471	-	1,050	-	-	16,561
Advertising	575	30	35	115	47	62	31,679	2,234	507	35,284	-	-	-	-	-	35,284
Postage	208	8	-	13	-	7,769	25,529	569	43	34,139	4,598	951	35,985	305	-	75,978
Printing	3,523	1,679	1,679	1,679	-	16,993	36,335	1,087	2,934	65,909	7,399	1,013	31,563	13	-	105,897
Travel	122	8	733	-	-	635	-	399	-	1,897	1,084	107	192	218	-	3,498
Conferences and meetings	235	505	-	-	-	1,250	-	9,692	75	11,757	852	3,385	30	(1,224)	-	14,800
Subscriptions and dues	395	1,853	631	-	-	4,730	4,112	280	275	12,276	1,210	5,014	116	-	2,292	20,908
Occupancy	-	-	-	-	-	-	-	-	-	-	35,054	-	-	-	-	35,054
Insurance	-	-	-	-	-	-	-	-	-	-	18,503	-	-	-	-	18,503
Equipment maintenance	-	-	-	-	-	1,875	-	16,980	-	18,855	38,551	28,878	12,390	-	-	98,674
Depreciation	-	-	-	-	-	-	-	-	-	-	48,275	-	-	-	-	48,275
Bank charges	-	-	-	-	-	-	-	-	-	-	-	551	-	-	-	551
Supplies	-	-	-	-	-	-	-	-	-	-	2,631	339	-	-	-	2,970
Cost of goods sold	-	-	-	-	-	-	605	-	-	605	-	-	-	-	-	605
Lists	-	-	-	-	-	4,959	-	-	-	4,959	-	-	9,843	-	-	14,802
Miscellaneous	<u>-</u>	<u>600</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>37</u>	<u>700</u>	<u>-</u>	<u>-</u>	<u>1,386</u>	<u>4,853</u>	<u>17,533</u>	<u>215</u>	<u>5,680</u>	<u>-</u>	<u>29,667</u>
Total other expenses	<u>5,548</u>	<u>5,523</u>	<u>3,498</u>	<u>2,227</u>	<u>96</u>	<u>39,570</u>	<u>99,380</u>	<u>31,766</u>	<u>4,499</u>	<u>192,107</u>	<u>173,481</u>	<u>57,771</u>	<u>91,384</u>	<u>4,992</u>	<u>2,292</u>	<u>522,027</u>
Allocated overhead	<u>130,422</u>	<u>68,004</u>	<u>67,060</u>	<u>66,987</u>	<u>10,038</u>	<u>83,621</u>	<u>96,945</u>	<u>70,285</u>	<u>57,946</u>	<u>651,308</u>	<u>(792,165)</u>	<u>80,905</u>	<u>56,345</u>	<u>3,506</u>	<u>101</u>	<u>-</u>
Total expenses	<u>\$ 484,257</u>	<u>\$237,131</u>	<u>\$ 171,571</u>	<u>\$ 224,853</u>	<u>\$ 30,563</u>	<u>\$295,697</u>	<u>\$ 423,146</u>	<u>\$217,116</u>	<u>\$201,341</u>	<u>\$2,285,675</u>	<u>\$ -</u>	<u>\$354,268</u>	<u>\$ 295,103</u>	<u>\$ 24,662</u>	<u>\$ 3,414</u>	<u>\$2,963,122</u>

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

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 1,648,049	\$ 3,789,864
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	47,242	48,275
Net realized and unrealized (gain) loss on investments	185,082	(3,011,581)
Decrease (increase) in gifts of future interests	777,518	(270,697)
Gain on sale of land	-	(4,507)
Decrease (increase) in		
Prepaid expenses and other assets	(9,130)	5,038
Contributions and grants receivable	290,220	531,024
Increase (decrease) in		
Accounts payable and accrued expenses	(129,531)	120,384
Gift annuities payable	8,596	4,162
Net cash provided by operating activities	<u>2,818,046</u>	<u>1,211,962</u>
Cash flows from investing activities		
Purchases of investments	(6,744,592)	(5,158,351)
Proceeds from sale of investments	3,754,285	4,015,535
Purchase of property and equipment	(2,672)	(3,072)
Proceeds from sale of equipment	-	69,507
Net cash used by investing activities	<u>(2,992,979)</u>	<u>(1,076,381)</u>
Net (decrease) increase in cash	(174,933)	135,581
Cash, beginning of year	<u>1,428,046</u>	<u>1,292,465</u>
Cash, end of year	<u>\$ 1,253,113</u>	<u>\$ 1,428,046</u>

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

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

Purpose of the Organization and Nature of Activities

The Natural Resources Council of Maine (NRCM) is a 501(c)(3) non-profit membership organization protecting, restoring, and conserving Maine's environment, now and for future generations. Founded in 1959 by a group of volunteers passionate about protecting the Allagash River from a proposed dam, NRCM serves more than 25,000 members and supporters. From NRCM's offices in Augusta Maine, just steps from the Maine State House, NRCM works statewide and uses the power of science, citizen engagement, and the law to secure new safeguards for Maine's land, air, waters, and wildlife, and to defeat threats to existing environmental protections.

The Natural Resources Council of Maine Action Fund, Inc. (Action Fund), a 501(c)(4) organization, was formed in fiscal year 2018. The purpose of the Action Fund is to promote social welfare within the meaning of section 501(c)(4) of the Internal Revenue Code, including but not limited to: (1) building strong political support for protecting, restoring, and conserving Maine's environment, and (2) educating and mobilizing concerned citizens to directly advocate for decreasing air and climate-changing pollution; improving water quality; conserving Maine lands; and promoting sustainable communities.

NRCM is the sole member of the Action Fund. The Action Fund board of directors consists of six members, one of whom holds a seat on NRCM's board of directors (Board).

Below is an overview of NRCM's programs:

Climate & Clean Energy

Climate change is the most serious environmental threat of our time. NRCM works for policies that will improve Maine's air quality, reduce our dependence on fossil fuels, and curb global warming pollution. NRCM supports cleaner transportation options and federal, state, and local community initiatives that increase renewable energy, energy efficiency, and conservation to reduce pollution and energy costs.

Healthy Waters

Clean and healthy waterways are vital to Maine's environment, economy, and way of life. NRCM supports efforts—including innovative approaches that have become models worldwide—to restore Maine's river systems by addressing obsolete dams that adversely impact fish and wildlife habitat. NRCM works to protect the rivers, lakes, and streams that provide food for fish, birds and wildlife, safe drinking water for communities, and sustain the fishing, paddling and other recreational businesses that help Maine's economy thrive.

Forests & Wildlife

Maine is home to the largest contiguous temperate broad-leaf forest in the world, supporting unparalleled habitat for many plants and animals, unique opportunities for recreation, and jobs in the forest products and tourism industries. NRCM works for increased public land acquisition and sustained funding for land conservation programs. NRCM also supports appropriately sized and located development and sustainable timber management practices that protect sensitive ecosystems, wildlife, and the outdoor recreation opportunities that are vital to Maine's economy.

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

Sustainable Maine

NRCM provides Maine communities the tools they need to reduce consumption of natural resources, decrease toxic and solid waste, increase recycling and composting, and discourage littering. NRCM supports resource management strategies that limit the amount of material that becomes waste and is landfilled in our state. NRCM is the go-to resource for Maine communities looking to adopt local sustainability policies and the leading advocate for progressive statewide waste reduction policies.

Federal

Decisions made in Washington, D.C. can have lasting impacts on Maine's environment and the health and economic vitality of our communities. Maine's Congressional leaders rely on NRCM to identify and provide expert analysis of environmental policies under consideration at the federal level that could benefit or harm Maine. NRCM's relationships with these elected officials ensure they stand up for strong environmental safeguards and resist proposals to rollback effective protections.

Outreach

Grassroots outreach is a central feature to NRCM's efforts to educate and engage people statewide with NRCM's mission. With a focus on residents aged 15-40s, NRCM offers a range of outdoor events, educational trainings, and social networking activities that ensure Maine's next generation of environmental leaders have the skills, relationships, and knowledge to appreciate and protect Maine's natural resources and communities for the future.

1. Summary of Significant Accounting Policies

Reporting Entity and Principles of Consolidation

The consolidated financial statements include the accounts of NRCM and Action Fund (together, the Council). All material intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified as follows, based on the existence or absence of donor-imposed restrictions as indicated below:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of the Council's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Income Taxes

The Internal Revenue Service has determined that NRCM and Action Fund are exempt from taxation under Internal Revenue Code Section 501(c)(3) and 501(c)(4), respectively, and, accordingly, no provision for income taxes has been reflected in these consolidated financial statements.

Measure of Operations

The consolidated statements of activities include net operating income (loss). Changes in net assets which are excluded from net operating income (loss) include net investment gain (loss) net of appropriations for operations, capital, and other non-operating projects, contributions (Board-designated), capital campaign activity, and changes in value and donation of gift annuities and gifts of future interests.

Cash on Deposit

The Council maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Council has mitigated this risk through the use of an Insured Cash Sweep account which is designed to sweep funds in excess of the federally insured limits into secondary banks. The Council has not experienced any losses in such accounts. The Council believes it is not exposed to any significant risk with respect to these accounts.

Contributions and Grants Receivable

Contributions and grants receivable are stated at the amount management expects to collect. NRCM considers these receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

Property and Equipment

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, NRCM reports expirations of donor restrictions when the donated or acquired assets are placed in service. NRCM reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives. It is NRCM's policy to capitalize assets with a cost exceeding \$1,000 and a useful life of more than one year.

Investments

Investments are carried at fair value as described at Note 10. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Debt securities are measured using significant unobservable inputs as described in Note 10.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in value in the near term would materially affect the amounts reported in the consolidated statements of financial position.

Contributions

The Council reports contributions of cash or other assets, including unconditional promises to give, in the consolidated statements of activities when the cash, unconditional promise, or other assets are received. Unconditional promises to give are reported at their net realizable value. Significant noncash contributions are recorded at their fair value at the date of receipt.

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

Donated Services

The Council receives donated professional services, which require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The estimated fair value of the services is recognized as revenue in the consolidated statements of activities. Donated services totaling \$126,577 in 2022 and \$36,078 in 2021 consisted of legal services in support of the clean air and energy, healthy waters and woods, wildlife and wilderness projects.

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

Revenue Recognition - Grants

The Council reports revenues from grants when conditions within the grant are met. Grants received are expended under the terms stated in the guidelines of the grant. Grant revenue earned but not yet received is recorded as grants receivable, and funds received but not yet earned are recorded as deferred revenue.

Payroll Protection Program

As a response to the coronavirus disease (COVID-19) global pandemic, the U.S. government responded with relief legislation. Legislation was enacted into law on March 27, 2020, called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a statute to address the economic impact of the COVID-19 pandemic. The Council qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration under the CARES Act, in the amount of \$453,000. The PPP provided funds to pay up to 24 weeks of payroll and other specified costs, and forgiveness of the loan was dependent upon compliance with this and other terms and conditions of the CARES Act. Management applied for and received forgiveness of the loan during the year ended March 31, 2021.

Functional Expenses

The Council allocates its expenses on a functional basis among its various programs and other activities. Accordingly, certain overhead costs have been allocated among the programs and supporting services benefited. Management allocates these overhead costs based on hours employees spend on the respective program and supporting services.

Uncertainty

COVID-19 has continued to impact many sectors, including through the temporary shut-down of businesses and limitations on travel and the size and duration of group meetings. Most sectors are continuing to experience disruption to operations and may feel further economic impacts related to economic inflation, volatility in investment returns, and reduced philanthropic support. There continues to be uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them.

Subsequent Events

For purposes of the preparation of these consolidated financial statements in conformity with U.S. GAAP, the Council has considered transactions or events occurring through August 8, 2022, which was the date that the consolidated financial statements were available to be issued.

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

2. Contributions and Grants Receivable

Contributions and grants receivable consist of unconditional promises to give toward the protecting the nature of Maine, Federal, Healthy Waters, and general operations and are expected to be received as follows:

	<u>2022</u>	<u>2021</u>
Within one year	\$ 195,563	\$ 326,800
Between one and five years	<u>146,861</u>	<u>305,844</u>
Total unconditional promises to give	342,424	632,644
Less discounts to net present value at 1.35%	<u>(10,220)</u>	<u>(10,220)</u>
	<u>\$ 332,204</u>	<u>\$ 622,424</u>

Unconditional promises to give which are expected to be received within one year are not discounted to present value as any discount would not be material.

3. Property and Equipment

Property and equipment consist of:

	<u>2022</u>	<u>2021</u>
Land	\$ 176,010	\$ 176,010
Building and improvements	920,274	920,274
Furniture and equipment	<u>200,846</u>	<u>198,175</u>
	1,297,130	1,294,459
Less accumulated depreciation	<u>1,001,141</u>	<u>953,899</u>
Net property and equipment	<u>\$ 295,989</u>	<u>\$ 340,560</u>

4. Gifts of Future Interests

NRCM is a remainder beneficiary of certain charitable remainder unitrusts.

NRCM is named in a trust whereby, upon the death of the survivor recipient, NRCM shall receive all of the then principal and income of the trust. NRCM's interest in the principal of this split-interest agreement is reported based on the fair value of the underlying assets, and was \$333,194 and \$317,373 at March 31, 2022 and 2021, respectively, as any discounting is to be offset by future appreciation. NRCM is to remit payments to the income beneficiaries in various installments for the remainder of the beneficiaries' lives. The present value of the annuity payment liability was \$157,685 and \$149,089 at March 31, 2022 and 2021, respectively.

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

During 2019, NRCM was notified of its remainder interest in one additional charitable remainder trust. The split-interest agreement is reported based on the fair value of the underlying trust assets, \$793,340 at March 31, 2021, as any discounting is to be offset by future appreciation. During the year ended March 31, 2022, the trust was resolved in a non-judicial settlement that terminated interest payments to the life-time beneficiary and distributed \$713,602 to NRCM.

In addition to the trusts noted in the previous paragraphs, NRCM is a remainder beneficiary in an irrevocable trust for which the total market value of the trust could not be determined at March 31, 2022 or 2021. The trust shall terminate upon the last surviving recipient's death. Information necessary to calculate the present value of the estimated future benefits to be received when the trust assets are distributed is not available and therefore the trust is not included in the NRCM's financial statements.

5. Investments

Investments at March 31 consist of:

	<u>2022</u>	<u>2021</u>
Cash investments	\$ 1,250,219	\$ 429,175
Mutual funds		
Equity	4,827,090	7,299,246
Bonds	2,097,931	3,353,141
Exchange traded funds		
Equity	703,497	118,228
Fixed income	574,981	-
Real estate	7,801	7,700
Common stocks	4,244,694	-
Fixed income	845,941	-
Other	60,561	-
Debt securities	400,000	-
Certificates of deposit	<u>500,000</u>	<u>1,500,000</u>
Total investments	<u>\$15,512,715</u>	<u>\$ 12,707,490</u>

NRCM adopted a policy to allocate for operations investment earnings on a total return basis up to 4.5% of the average fair value of the investments over the most recent twelve quarters, unless additional amounts are approved by and deemed prudent by the Board. Based on this calculation, the amount available to be drawn from project and endowment funds was \$372,254 and \$322,895 in 2022 and 2021; no funds were drawn in 2022 or 2021. However, \$200,000 was appropriated in 2022 for use during future years. Interest and dividend income is included in net investment gain and presented net of investment fees of \$56,721 and \$47,129 for the years ended March 31, 2022 and 2021, respectively.

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

To better align NRCM's mission and values with its investments, the Finance Committee (Committee) has directed the investment managers to employ a socially responsible investment approach as much as possible without giving up material performance returns. The Board has approved a positive filter methodology, which selects companies that are exemplary leaders in their industries based upon specific, recognized Environmental, Social, and Governance criteria.

The Board understands the relationship between investment reward and volatility, and accepts the primary use of common stocks or their proxy in the form of exchange traded funds or index funds to increase the probability of achieving long-term capital appreciation. Specifically, the Council's policy provides that the investment funds should typically have non-cash assets invested 60% to 70% in equity-type securities and a reasonable balance in fixed-income securities.

To mitigate risk, the Council's policy provides that the investment funds should be well diversified across asset classes, economic sectors, industry groups, and individual securities as allowed by the asset allocation guidelines. It is contemplated that the manager will include commitments to investment grade and high yield, or non-investment grade fixed income, international securities, real estate investment trusts, and other securities deemed necessary for added diversification and enhanced return potential.

Notwithstanding this policy regarding the investment of non-cash assets in equity securities, the Committee may authorize the investment manager to invest up to 10% of the portfolio funds in non-traditional asset classes when it is believed that such investments may provide an improved rate of return relative to equity risk, or that such investments may dampen the overall volatility of equity portfolio returns. Such investments may include, but are not limited to, investments in commodities, currencies, derivative contracts, precious metals, hedge funds, etc. so long as such investments are highly liquid, the value is readily determinable and the act of making such investments will not cause NRCM, its Board, officers, or agents to violate any applicable state and federal laws pertaining to the fiduciary duties of the Board with respect to such investments. Subsequent to March 31, 2022, the Board amended the investment policy.

NRCM has interpreted the State of Maine Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the preservation of the contributed value of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, NRCM classifies as net assets with donor restrictions of a perpetual duration (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the perpetual duration endowment, and (3) accumulations to the perpetual duration endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. If the donor-restricted endowment assets earn investment returns beyond these amounts, that excess is available for appropriation and, therefore, classified as net assets with donor restrictions until appropriated by the Board of Directors for expenditure. Funds designated by the Board of Directors for long-term investment are classified as net assets without donor restrictions.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires NRCM to retain as a fund of perpetual duration. NRCM has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures under the law, but has not elected to do so.

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

There were no underwater funds as of March 31, 2022 or 2021.

In addition to Board-designated investments and donor-restricted endowment investments, for 2022 and 2021, NRCM has invested donor restricted contributions for the citizen's engagement fund, tomorrow's leaders fund, and the Board-designated capital projects fund. These funds are presented separately as project funds in the following schedules of investment activity and investment composition by type of fund. Net assets without donor restrictions includes \$200,000 Board-designated for specific extraordinary expenditures in fiscal year 2023.

The investment net asset composition by type of fund as of March 31, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Long-Term Investment Funds</u>	<u>Total Project Funds</u>	<u>Total Investments</u>
Donor-restricted endowment funds	\$ -	\$ 1,555,520	\$ 1,555,520	\$ -	\$ 1,555,520
Board-designated investment funds	13,174,480	-	13,174,480	-	13,174,480
Board-designated capital fund	-	-	-	156,042	156,042
Donor-restricted project funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>626,673</u>	<u>626,673</u>
	<u>\$ 13,174,480</u>	<u>\$ 1,555,520</u>	<u>\$ 14,730,000</u>	<u>\$ 782,715</u>	<u>\$ 15,512,715</u>

Changes in investment net assets for the year ended March 31, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Long-Term Investment Funds</u>	<u>Total Project Funds</u>	<u>Total Investments</u>
Investment net assets, beginning of year	\$ 10,391,064	\$ 1,551,971	\$ 11,943,035	\$ 764,455	\$ 12,707,490
Net investment income	215,538	3,549	219,087	18,260	237,347
Additions to investment assets, net of appropriations of \$107,500	<u>2,567,878</u>	<u>-</u>	<u>2,567,878</u>	<u>-</u>	<u>2,567,878</u>
Investment net assets, end of year	<u>\$ 13,174,480</u>	<u>\$ 1,555,520</u>	<u>\$ 14,730,000</u>	<u>\$ 782,715</u>	<u>\$ 15,512,715</u>

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

The investment net asset composition by type of fund as of March 31, 2021 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total Long-Term Investment Funds</u>	<u>Total Project Funds</u>	<u>Total Investments</u>
Donor-restricted endowment funds	\$ -	\$ 1,551,971	\$ 1,551,971	\$ -	\$ 1,551,971
Board-designated investment funds	10,391,064	-	10,391,064	-	10,391,064
Board-designated capital fund	-	-	-	155,820	155,820
Donor-restricted project funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,635</u>	<u>608,635</u>
	<u>\$ 10,391,064</u>	<u>\$ 1,551,971</u>	<u>\$ 11,943,035</u>	<u>\$ 764,455</u>	<u>\$ 12,707,490</u>

Changes in investment net assets for the year ended March 31, 2021 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total Long-Term Investment Funds</u>	<u>Total Project Funds</u>	<u>Total Investments</u>
Investment net assets, beginning of year	\$ 6,899,047	\$ 1,067,162	\$ 7,966,209	\$ 586,884	\$ 8,553,093
Net investment income	2,538,806	484,809	3,023,615	177,571	3,201,186
Additions to investment assets	<u>953,211</u>	<u>-</u>	<u>953,211</u>	<u>-</u>	<u>953,211</u>
Investment net assets, end of year	<u>\$ 10,391,064</u>	<u>\$ 1,551,971</u>	<u>\$ 11,943,035</u>	<u>\$ 764,455</u>	<u>\$ 12,707,490</u>

6. Net Assets Without Donor Restrictions

Net assets without donor restrictions include assets whose use is limited for purposes designated by the Board of Directors as follows:

	<u>2022</u>	<u>2021</u>
Board-designated - long-term investments	\$ 13,174,480	\$ 10,391,064
Board-designated capital fund	156,042	155,820
Gift annuities payable	<u>(157,685)</u>	<u>(149,089)</u>
	<u>\$ 13,172,837</u>	<u>\$ 10,397,795</u>

Undesignated net assets without donor restrictions represent the remainder of current and historical earnings, which are used as part of ongoing operations at the direction of the Board of Directors.

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are composed of the following programs as of March 31:

	<u>2022</u>	<u>2021</u>
Action Fund	\$ -	\$ 44,209
Tomorrow's leaders fund	179,333	174,074
Program restricted	113,452	41,889
Citizen's engagement	447,628	434,627
Earnings on perpetual funds - Shine fund	258,252	263,274
General operations - time restrictions	193,179	488,793
Earnings on perpetual funds, subject to board appropriation	112,268	103,699
Gifts of future interests - time restrictions	<u>361,354</u>	<u>1,138,872</u>
	<u>1,665,466</u>	<u>2,689,437</u>
Investment in perpetuity, the income from which is expendable to general operations	<u>1,185,000</u>	<u>1,185,000</u>
Total net assets with donor restrictions	<u>\$ 2,850,466</u>	<u>\$ 3,874,437</u>

Net assets released from donor restrictions are as follows for the years ended March 31:

	<u>2022</u>	<u>2021</u>
Climate and clean energy	\$ 226,136	\$ 157,542
Sustainable Maine	137,956	31,809
Forests and wildlife	31,440	21,430
Healthy waters	263,110	77,532
Emerging issues	55,324	55,181
Federal issues	133,771	123,096
Gifts of future interest	1,045,846	763,776
Action Fund	<u>104,209</u>	<u>-</u>
Total net assets released from restrictions	<u>\$ 1,997,792</u>	<u>\$ 1,230,366</u>

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

8. Retirement Plan

NRCM may make a discretionary contribution of 5% of eligible employees' compensation to a 403(b) retirement plan as well as a discretionary 2% matching contribution. NRCM made both the contributions and match in 2022 and 2021. NRCM contributed a total of \$116,627 and \$90,142 during 2022 and 2021, respectively, to the plan.

9. Joint Costs

During the years ended March 31, 2022 and 2021, NRCM conducted activities that included requests for contributions as well as programmatic content. Those activities included direct mail campaigns, special events, and membership brochures. The costs of conducting those activities during 2022 and 2021 included a total of \$31,701 and \$67,390, respectively, of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2022</u>	<u>2021</u>
Development and fundraising	\$ 21,134	\$ 44,823
Communications and emerging issues	<u>10,567</u>	<u>22,567</u>
	<u>\$ 31,701</u>	<u>\$ 67,390</u>

10. Assets at Fair Value

Financial Accounting Standards Board Accounting Standards Codification Topic 820, *Fair Value Measurement* (ASC Topic 820), defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

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

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

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

Assets measured at fair value on a recurring basis as of March 31, 2022 are summarized below:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs Using the Market Approach (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Gifts of future interests	\$ 361,354	\$ -	\$ -	\$ 361,354
Cash investments	1,250,219	1,250,219	-	-
Certificates of deposit	500,000	500,000	-	-
Equity mutual funds	4,827,090	4,827,090	-	-
Bond mutual funds	2,097,931	2,097,931	-	-
Exchange traded funds				
Equity	703,497	703,497	-	-
Fixed income	574,981	574,981	-	-
Real estate	7,801	7,801	-	-
Common stock	4,244,694	4,244,694	-	-
Debt securities	400,000	-	-	400,000
Fixed income	845,941	-	845,941	-
Other	<u>60,561</u>	<u>60,561</u>	<u>-</u>	<u>-</u>
	<u>\$15,874,069</u>	<u>\$14,266,774</u>	<u>\$ 845,941</u>	<u>\$ 761,354</u>

Assets measured at fair value on a recurring basis as of March 31, 2021 are summarized below:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs Using the Market Approach (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Gifts of future interests	\$ 1,138,872	\$ -	\$ -	\$1,138,872
Cash investments	429,175	429,175	-	-
Certificates of deposit	1,500,000	1,500,000	-	-
Mutual funds				
Equity	7,299,246	7,299,246	-	-
Bond	3,353,141	3,353,141	-	-
Exchange traded funds				
Equity	118,228	118,228	-	-
International	-	-	-	-
Real estate	<u>7,700</u>	<u>7,700</u>	<u>-</u>	<u>-</u>
	<u>\$13,846,362</u>	<u>\$12,707,490</u>	<u>\$ -</u>	<u>\$1,138,872</u>

Investments of the Council include debt securities which represent two investment notes totaling \$200,000 each as of March 31, 2022. These debt securities are illiquid investments to be held to maturity. The investment notes carry interest rates of 2.5% and 3.25% and mature on February 28, 2027 and June 30, 2028, respectively. These debt securities were entered into during the year ended March 31, 2022 and are measured at fair value using significant other observable inputs that reflect NRCM's assumptions related to the collection of the investment note. Fixed income bonds are valued based on quoted prices for similar instruments.

NATURAL RESOURCES COUNCIL OF MAINE AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

11. Liquidity and Availability of Financial Assets

The following table reflects the Council's financial assets as of March 31 available to meet cash needs for general expenditures within one year of the consolidated statement of financial position date.

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,253,113	\$ 1,428,046
Accounts receivable	1,730	1,028
Grants receivable	<u>101,900</u>	<u>89,781</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,356,743</u>	<u>\$ 1,518,855</u>

The Council strives to maintain financial assets to meet 90 days of operating expenses, and maintain current assets less current liabilities at a minimum of 30 days of operating expenses. To help achieve these targets, the Council forecasts future cash flows and monitors its liquidity monthly and its reserves annually.

The Council has certain donor-restricted assets limited to use which are not available for general expenditure within one year in the normal course of operations. These assets are not available for general expenditure within the next year and are not reflected in the amounts above. The Council's governing board has designated a portion of its unrestricted resources for long-term investment and other purposes. Those amounts are identified as board designated and are invested for long-term appreciation and current income, but remain available and may be spent at the discretion of the Board.

12. Major Contributors

During 2022, the Council received approximately 35% of support from two donors. There were no such major contributors in 2021.