



**FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND
UNIFORM GUIDANCE
SEPTEMBER 30, 2023**

MANOMET, INC.

Contents
September 30, 2023

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**Unmodified Opinion on Financial Statements Accompanied by Supplementary
Information – Not-For-Profit Entity**

Independent Auditor's Report

To the Board of Trustees of
Manomet, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Manomet, Inc. (a Massachusetts nonprofit corporation) (Manomet), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Manomet, Inc. as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 Manomet and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Manomet'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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Manomet'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Manomet'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended September 30, 2023, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2024, on our consideration of Manomet's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Manomet's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Manomet's internal control over financial reporting and compliance.

AAFCPAs, Inc.

Westborough, Massachusetts
June 6, 2024

MANOMET, INC.Statement of Financial Position
September 30, 2023

Assets

Current Assets:

Cash	\$ 661,532
Current portion of grants and pledges receivable	2,258,017
Prepaid expenses and other	104,580
Property held for sale	<u>24,474</u>

Total current assets 3,048,603

Grants and Pledges Receivable, net 95,927

Investments 23,454,535

Property and Equipment, net 1,350,888

Total assets \$ 27,949,953

Liabilities and Net Assets

Current Liabilities:

Accounts payable and accrued expenses	\$ 378,169
Conditional grant advances	<u>41,913</u>

Total current liabilities 420,082

Net Assets:

Without donor restrictions:

Operating	548,172
Board designated endowment	3,160,368
Property and equipment	<u>1,375,362</u>

Total without donor restrictions 5,083,902

With donor restrictions 22,445,969

Total net assets 27,529,871

Total liabilities and net assets \$ 27,949,953

MANOMET, INC.Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenue and Support:			
Grants and contributions	\$ 2,863,109	\$ 2,101,541	\$ 4,964,650
Investment return designated for current operations	1,388,572	-	1,388,572
Interest and other income	67,636	-	67,636
Net assets released from restrictions	<u>2,225,230</u>	<u>(2,225,230)</u>	<u>-</u>
Total operating revenue and support	<u>6,544,547</u>	<u>(123,689)</u>	<u>6,420,858</u>
Operating Expenses:			
Program services	5,383,109	-	5,383,109
General and administrative	1,171,119	-	1,171,119
Fundraising	<u>268,253</u>	<u>-</u>	<u>268,253</u>
Total operating expenses	<u>6,822,481</u>	<u>-</u>	<u>6,822,481</u>
Changes in net assets from operations	<u>(277,934)</u>	<u>(123,689)</u>	<u>(401,623)</u>
Non-Operating Activities:			
Investment return, net	351,338	2,457,098	2,808,436
Endowment contributions	-	120,000	120,000
Capital grants	119,089	-	119,089
Investment return designated for current operations	<u>(187,041)</u>	<u>(1,201,531)</u>	<u>(1,388,572)</u>
Total non-operating activities	<u>283,386</u>	<u>1,375,567</u>	<u>1,658,953</u>
Changes in net assets	5,452	1,251,878	1,257,330
Net Assets:			
Beginning of year	<u>5,078,450</u>	<u>21,194,091</u>	<u>26,272,541</u>
End of year	<u>\$ 5,083,902</u>	<u>\$ 22,445,969</u>	<u>\$ 27,529,871</u>

MANOMET, INC.Statement of Cash Flows
For the Year Ended September 30, 2023

Cash Flows from Operating Activities:

Changes in net assets	\$ 1,257,330
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	125,157
Bad debt	4,400
Change in discount on pledges receivable	5,441
Endowment contributions	(120,000)
Capital grants	(119,089)
Investment return, net	(2,808,436)
Changes in operating assets and liabilities:	
Grants and pledges receivable	(577,211)
Prepaid expenses and other	(25,786)
Accounts payable and accrued expenses	94,573
Conditional grant advances	<u>(124,045)</u>
Net cash used in operating activities	<u>(2,287,666)</u>

Cash Flows from Investing Activities:

Proceeds from sale of investments	2,765,018
Purchase of investments	(1,612,844)
Purchase of property and equipment	<u>(275,510)</u>
Net cash provided by investing activities	<u>876,664</u>

Cash Flows from Financing Activities:

Capital grants	119,089
Endowment contributions	<u>120,000</u>
Net cash provided by financing activities	<u>239,089</u>

Net Change in Cash (1,171,913)

Cash:

Beginning of year	<u>1,833,445</u>
End of year	<u><u>\$ 661,532</u></u>

MANOMET, INC.Statement of Functional Expenses
For the Year Ended September 30, 2023

	<u>Program Services</u>	<u>General and Adminis- trative</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Personnel and related:				
Salaries	\$ 2,293,330	\$ 437,600	\$ 202,189	\$ 2,933,119
Payroll taxes and fringe benefits	<u>555,003</u>	<u>105,902</u>	<u>48,931</u>	<u>709,836</u>
Total personnel and related	<u>2,848,333</u>	<u>543,502</u>	<u>251,120</u>	<u>3,642,955</u>
Other expenses:				
Professional fees and development	1,807,748	213,738	17,133	2,038,619
Travel	481,949	1,099	-	483,048
Office and other supplies	130,112	221,542	-	351,654
Depreciation	46,308	78,849	-	125,157
Equipment	30,790	34,803	-	65,593
Insurance	23,321	39,708	-	63,029
Bank charges and fees	-	34,488	-	34,488
Miscellaneous	10,148	-	-	10,148
Bad debt	4,400	-	-	4,400
Advertising	<u>-</u>	<u>3,390</u>	<u>-</u>	<u>3,390</u>
Total other expenses	<u>2,534,776</u>	<u>627,617</u>	<u>17,133</u>	<u>3,179,526</u>
Total expenses	<u>\$ 5,383,109</u>	<u>\$ 1,171,119</u>	<u>\$ 268,253</u>	<u>\$ 6,822,481</u>

MANOMET, INC.

Notes to Financial Statements
September 30, 2023

1. OPERATIONS AND NONPROFIT STATUS

Operations

Manomet, Inc. (Manomet) is a Massachusetts nonprofit organization founded more than fifty years ago as a bird banding lab. Today, as a science-driven conservation organization, we have teams in North and South America focused on improving the health of flyways and ecosystems challenged by climate change and human activities. Our goal is to lessen the decline of shorebirds, promote coastal resilience, and empower the next generation of conservationists. From the northern slope of Alaska to the southern tip of Argentina, Manomet's scientists and staff look for opportunities to make the world, from rivers to rice fields, wetlands to working waterfronts, a more resilient place. To maximize the impact of our work, we collaborate to form vital partnerships with businesses, food producers, and educators across the Western Hemisphere.

Nonprofit Status

Manomet is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). Manomet is also exempt from state income taxes. Donors may deduct contributions made to Manomet within IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

Manomet prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Estimates

The preparation of financial statements in accordance with 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash consists of checking and savings accounts maintained at various financial institutions.

Grants and Pledges Receivable and Allowance for Uncollectible Accounts

Grants and pledges are recorded at their net present value when unconditionally committed or at the invoiced contract amounts. Unconditional promises to give that are expected to be collected within one year are recorded at the net realizable value, and those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included in revenue and support until the conditions are substantially met. An allowance for doubtful accounts, if any, is based on management's best estimate of amounts that may become uncollectible. There was no allowance at September 30, 2023.

MANOMET, INC.

Notes to Financial Statements
September 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Pledges Receivable and Allowance for Uncollectible Accounts (Continued)

At September 30, 2023, \$125,000 of grants and pledges receivable are due in 2025 and are shown as long-term assets in the accompanying statement of financial position. Grants and pledges receivable expected to be received after one year are discounted at a rate of 6.5% commensurate with the value Manomet earns on investments. At September 30, 2023, Manomet recognized a discount of \$29,073 on long-term pledges.

Investments

Investments are recorded in the financial statements at fair value. If an investment is directly held by Manomet and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. Manomet's interests in private equity funds are generally reported at the net asset value (NAV) reported by fund managers, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. At September 30, 2023, Manomet had no plans to sell investments at amounts different from NAV. A summary of inputs used in valuing Manomet's investments as of September 30, 2023, is included in Note 4.

Property and Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at estimated fair value, if donated. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 - 40 years
Furniture, fixtures and equipment	3 - 10 years
Software	3 - 5 years

From time-to-time Manomet has acquired building improvements and furniture, fixtures and equipment with funds received from the Commonwealth of Massachusetts who retains a reversionary interest in these assets.

Manomet accounts for the carrying value of its property and equipment in accordance with the requirements of ASC Topic 360, *Impairment and Disposal of Long-Lived Assets*. As of September 30, 2023, Manomet has not recognized any reduction in the carrying value of its property and equipment in consideration of the requirement.

Property Held for Sale

Property held for sale is stated at the lower of carrying value or fair value. During fiscal year 2023, Manomet listed a building and lot of land located in Plymouth, Massachusetts (the Property) for sale. Accordingly, the Property is included in property held for sale at the carrying value of \$24,474 at September 30, 2023. Subsequent to year end, on October 30, 2023, Manomet signed a purchase and sale agreement on the Property for approximately \$1,200,000. The Property was sold on December 21, 2023.

MANOMET, INC.

Notes to Financial Statements
September 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Net Assets***Net Assets Without Donor Restrictions*

Net assets without donor restrictions represent resources which bear no external donor restrictions and are available to carry out Manomet's programs. Net assets without donor restrictions have been categorized as follows:

Operating - represents funds available to carry on the operations of Manomet.

Board designated endowment - represents funds designated by the Board of Trustees to be used for the growth of programmatic activities.

Property and equipment - reflect amounts invested in property and equipment.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions received or pledged that have not yet been expended for their designated purpose or satisfied their time restriction and amounts received from donors with the stipulation that the principal will be held in perpetuity and only the investment income can be spent. In accordance with Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA), all earnings and appreciation of donor restricted endowments are restricted until released by the Board of Trustees.

Net assets with donor restrictions activity is as follows:

	<u>Balance at October 1, 2022</u>	<u>Investment Income and Grants</u>	<u>Released from Restrictions/ Designated for Operations</u>	<u>Balance at September 30, 2023</u>
Program restricted	\$ 2,518,062	\$ 1,851,541	\$ (2,225,230)	\$ 2,144,373
Time restricted	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total program and time restricted	<u>2,518,062</u>	<u>2,101,541</u>	<u>(2,225,230)</u>	<u>2,394,373</u>
Endowment principal	16,094,234	120,000	-	16,214,234
Appreciation on endowment	<u>2,581,795</u>	<u>2,457,098</u>	<u>(1,201,531)</u>	<u>3,837,362</u>
Total restricted endowment	<u>18,676,029</u>	<u>2,577,098</u>	<u>(1,201,531)</u>	<u>20,051,596</u>
	<u>\$ 21,194,091</u>	<u>\$ 4,678,639</u>	<u>\$ (3,426,761)</u>	<u>\$ 22,445,969</u>

MANOMET, INC.

Notes to Financial Statements
September 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Net Assets

Manomet's endowment consists of approximately thirty individual funds established for a variety of purposes and includes donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowment. Bequests over \$50,000 are automatically added to Board designated funds functioning as endowment. A reconciliation of endowment activity, including funds functioning as endowment for September 30, 2023, is as follows:

	<u>Board Designated</u>	<u>Donor Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,925,017	\$ 18,676,029	\$ 21,601,046
Grants and appropriations	71,054	120,000	191,054
Designated for operations	(187,041)	(1,201,531)	(1,388,572)
Investment return	<u>351,338</u>	<u>2,457,098</u>	<u>2,808,436</u>
Endowment net assets, end of year	<u>\$ 3,160,368</u>	<u>\$ 20,051,596</u>	<u>\$ 23,211,964</u>

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds intended for perpetual duration may fall below the original gift value. The deficiencies result from unfavorable market conditions and continued appropriation for expenditure in accordance with donor intentions and the spending policies that were deemed prudent by the Board of Trustees and UPMIFA. Manomet appropriated \$1,201,531 of appropriations on endowment net assets to be used for operations in accordance with its spending policy for the year ended September 30, 2023.

Endowment Spending Policy

UPMIFA allows appropriation of a donor-restricted endowment based on the prudent practices of the Board of Trustees. The Board of Trustees has voted to allow for the use of a portion of total investment return (see Note 4) for operations each year up to 4% to 5% of the previous twelve quarter trailing investment average. Additional appropriations are allowed at the discretion of the Board of Trustees. Transfers to net assets without donor restrictions, in accordance with this policy, are reflected in the accompanying statement of activities and changes in net assets as investment return designated for current operations.

Investment Return Objectives and Risk Parameters

The investment portfolio (see Note 4) 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.

Fair Value Measurements

Manomet follows the accounting and disclosure standards pertaining to ASC Topic 820, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that Manomet would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Manomet uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of Manomet. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Revenue Recognition

Grants and Contributions

In accordance with ASC 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, Manomet recognizes grants and contributions when unconditionally pledged or received. Manomet reports gifts of cash or other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities and changes in net assets as net assets released from restrictions.

Manomet also receives funding from various governmental agencies to assist with program expenses and operating costs. These grants and contracts have been expended in accordance with the respective terms contained in the agreements and are subject to possible final audit determination by certain governmental agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of Manomet as of September 30, 2023, or on its changes in net assets for the year then ended.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Grants and Contributions (Continued)

In accordance with Topic 958, Manomet must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that Manomet should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. See Note 10 for disclosure of Manomet's conditional grants as of September 30, 2023.

Investment Return

Interest income is recorded when earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on investment transactions are recorded on the basis of specific shares' historical cost. Unrealized gains and losses are recognized based on market value changes during the period (see Note 4).

All other revenue is recorded when it is earned.

Expense Allocation

Expenses related directly to a function are distributed to that function, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

The financial statements contain certain categories of expenses that are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and insurance, which are allocated based on square-footage, and personnel and related costs, travel, and office and other supplies, which are allocated based on estimates of time and effort spent on each program or support function.

Advertising

Manomet expenses advertising costs as incurred.

Statement of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of operating programs are reported as operating revenue and support and operating expenses in the accompanying statement of activities and changes in net assets. Non-operating activities include investment return and appropriation, endowment contributions, and capital grants.

MANOMET, INC.

Notes to Financial Statements
September 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Uncertainty in Income Taxes

Manomet accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. Manomet has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at September 30, 2023. Manomet's information and tax returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Manomet has evaluated subsequent events through June 6, 2024, the date the financial statements were approved and authorized to be issued. There were no subsequent events which met the criteria for disclosure except as disclosed on page 7.

3. PROPERTY AND EQUIPMENT

Property and equipment, excluding property held for sale, as of September 30, 2023, consist of the following:

Land	\$ 495,248
Buildings and improvements	2,504,862
Furniture, fixtures and equipment	588,311
Software	<u>392,894</u>
	3,981,315
Less - accumulated depreciation	<u>2,630,427</u>
	<u>\$ 1,350,888</u>

4. INVESTMENTS

A description of the valuation methodologies used for assets measured at fair value is included in Note 2. The following table sets forth, by level within the fair value hierarchy, Manomet's investments at fair value as of September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income - intermediate funds	\$ 10,442,227	\$ 167,000	\$ -	\$ 10,609,227
Domestic equities	8,705,054	-	-	8,705,054
Government and corporate bonds	-	2,170,985	-	2,170,985
Cash and cash equivalents	268,307	-	-	268,307
International equities	<u>174,684</u>	<u>-</u>	<u>-</u>	<u>174,684</u>
	<u>\$ 19,590,272</u>	<u>\$ 2,337,985</u>	<u>\$ -</u>	<u>21,928,257</u>
Alternative investments*				<u>1,526,278</u>
Total investments				<u>\$ 23,454,535</u>

* In accordance with ASC Topic, *Fair Value Measurements*, certain investments that are measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amount presented in the accompanying statement of financial position.

MANOMET, INC.

Notes to Financial Statements
September 30, 2023

4. INVESTMENTS (Continued)

Alternative investments are in the form of partnerships and joint ventures for which there are no readily determinable market values. The value of the partnerships and joint ventures is held at the manager's reported NAV, unless information becomes available indicating the reported NAV may require adjustment. The methods used to assess the NAV reported by these fund managers vary by asset class. Manomet monitors the valuation methodologies and practices of these managers.

Investment return consists of the following for the year ended September 30, 2023:

Unrealized gains	\$ 2,264,329
Interest and dividends	428,447
Net realized gains	246,816
Investment fees	<u>(131,156)</u>
	<u>\$ 2,808,436</u>

Investments are reported as long-term in the accompanying statement of financial position based on management's intention to hold the assets for long-term purposes. Investments are not insured and are subject to ongoing market fluctuations.

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.

5. 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 4% and 6% 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 IRC. Manomet's contribution to the plan was \$151,440 for the year ended September 30, 2023, and is included in payroll taxes and fringe benefits in the accompanying statement of functional expenses.

6. CONCENTRATION OF CREDIT RISK

Manomet maintains its cash accounts at various financial institutions which may, at times, exceed Federal Deposit Insurance Corporation insurance limits. Manomet has not experienced any losses in such accounts. Manomet also maintains accounts at financial institutions which are insured 100% by the Depositors Insurance Fund. At September 30, 2023, cash held at fully insured amounts total \$431,297.

7. CONTINGENCIES

In the ordinary course of business, Manomet may be involved in various disputes. As matters arise, they are referred to Manomet's legal counsel and/or insurance carrier and Manomet takes action, as necessary. Manomet believes the outcomes of these disputes will not have a material adverse effect on their financial position.

MANOMET, INC.

Notes to Financial Statements
September 30, 2023

8. LIQUIDITY

The following table reflects Manomet's financial assets as of September 30, 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available include net assets with purpose restrictions that are not associated with day-to-day operations and/or programs operated by Manomet.

Cash	\$ 661,532
Grants and pledges receivable	2,258,017
Expected designation of endowment for operations	<u>1,191,997</u>
	4,111,546
Less - assets with donor restrictions	<u>(2,394,373)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,717,173</u>

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. If necessary, the Board designated portion of Manomet's endowment net assets could be used to meet cash needs above the approved endowment appropriation.

9. CONCENTRATIONS

As of September 30, 2023, 11% of grants and contributions (including capital grants and endowment contributions) and 26% of grants and pledges receivable were from the National Fish and Wildlife Foundation. At September 30, 2023, 11% of grants and pledges receivable was from a private donor.

10. CONDITIONAL GRANTS

Manomet has been awarded multiple conditional commitments from various Federal and state agencies and private organizations, which contain funder-imposed conditions that must be complied with before Manomet can recognize them as revenue. Manomet recognizes related revenue from these conditional grants when funder-imposed conditions are substantially met (see Note 2). The funder-imposed conditions for these grants include the requirement that Manomet must also incur qualifying expenses. Manomet has commitments totaling \$3,337,044 which are not yet included in the accompanying financial statements as of September 30, 2023, as qualifying costs have not yet been incurred.

MANOMET, INC

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster:				
U.S. Department of the Interior:				
Direct:				
Endangered Species Recovery Implementation	15.657	N/A	\$ 54,228	\$ -
Migratory Bird Monitoring, Assessment and Conservation	15.655	N/A	23,634	-
National Wildlife Refuge System Enhancements	15.654	N/A	3,441	-
Neotropical Migratory Bird Conservation	15.635 *	N/A	172,251	-
Wildlife Resource Management	15.247	N/A	84,249	-
Pass-through National Fish and Wildlife Foundation:				
NFWF-USFWS Conservation Partnership	15.663	0801.21.070945 1201.20.070433 0111.21.071114 0111.22.074118 0801.22.074057 0111.21.073314 0111.22.074110	414,530	55,278
Pass-through Association Calidris:				
Neotropical Migratory Bird Conservation	15.635 *	F21APO16600	12,586	-
Total U.S. Department of the Interior			764,919	55,278
U.S. Department of Commerce:				
Direct:				
Sea Grant Support	11.417	N/A	22,599	-
NOAA Mission-Related Education Awards	11.008	N/A	118,124	3,365
Pass-through Greater Portland Council of Governments:				
Coastal Zone Management Administration Awards	11.419	13A 2022051700000002922	34,743	-
Total U.S. Department of Commerce			175,466	3,365

MANOMET, INC

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster: (Continued)				
U.S. Department of Agriculture:				
Direct:				
International Forestry Programs	10.684	N/A	205,259	4,782
Pass-through National Fish and Wildlife Foundation:				
National Fish and Wildlife Foundation	10.683	19-DG-11132762-307	27,353	-
Soil and Water Conservation	10.902	2004.19.066529	86,391	-
Environmental Quality Incentives Program	10.912	5200.23.077692	21,600	-
Pass-through University of Vermont:				
Sustainable Agriculture Research and Education	10.215	2021-38640-34681	4,995	-
Total U.S. Department of Agriculture			345,598	4,782
National Science Foundation:				
Pass-through University of Vermont:				
STEM Education (formerly Education and Human Resources)	47.076	RH-FSH-008-A 87358	8,955	-
Total Expenditures of Federal Awards (Total Research and Development Cluster)			\$ 1,294,938	\$ 63,425
			Total AL 15.635 * \$ 184,837	\$ -

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal assistance activity of Manomet and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note 2. Indirect Cost Rate

Manomet has elected not to use the 10% de minimis cost rate for its Federal programs.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditor's Report

To the Board of Trustees of
Manomet, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Manomet, Inc. (Manomet), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Manomet's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Manomet's internal control. Accordingly, we do not express an opinion on the effectiveness of Manomet's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Manomet's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Manomet's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Manomet's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AAFCPA, Inc.

Westborough, Massachusetts
June 6, 2024

**Report on Compliance for Each Major Federal Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Trustees of
Manomet, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Manomet, Inc.'s (Manomet) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Manomet's major Federal program for the year ended September 30, 2023. Manomet's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Manomet complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Manomet and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major Federal program. Our audit does not provide a legal determination of Manomet's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Manomet's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on Manomet's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Manomet's compliance with the requirements of the Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Manomet's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Manomet's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Manomet's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

AAFCPA, Inc.

Westborough, Massachusetts
June 6, 2024

MANOMET, INC.

Schedule of Findings and Questioned Costs
September 30, 2023

1. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Is a “going concern” emphasis-of-matter paragraph included in the auditor’s report? Yes X No

Internal control over financial reporting:

- Material weakness(es) disclosed? Yes X No
- Significant deficiency(ies) disclosed? Yes X No

Noncompliance material to financial statements disclosed? Yes X No

Federal Awards

Internal control over major Federal program:

- Material weakness(es) disclosed? Yes X No
- Significant deficiency(ies) disclosed? Yes X No

Type of auditor’s report issued on compliance for major Federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major Federal program:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing (AL) Number</u>
Research and Development Cluster	15.663 / 15.657 15.655 / 15.654 15.635 / 15.247 11.419 / 11.417 11.008 / 10.683 10.902 / 10.684 10.912 / 10.215 47.076

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Auditee qualified as low-risk auditee? Yes X No

MANOMET, INC.

Schedule of Findings and Questioned Costs
September 30, 2023

2. FINANCIAL STATEMENT FINDINGS

None

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None