Acadia Center

Financial Statements

December 31, 2018

CONTENTS

WIPFLi

One Market Square | Augusta, Maine 04330
Phone 207.622.4766 | Fax 207.622.6545

Independent Auditor's Report

To the Board of Directors
Acadia Center
Rockport, Maine

We have audited the accompanying financial statements of Acadia Center (a nonprofit organization) (the Organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acadia Center as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Acadia Center

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization has adjusted its 2017 comparative financial statements to retrospectively apply the change in the accounting for net asset classifications. As part of our audit, we also audited the adjustments to the 2017 financial statements to retrospectively apply the change in accounting as described in Note 1. Such adjustments are appropriate and have been properly applied. Our opinion is not modified with respect to this matter.

Wipfli LLP

Augusta, Maine
August 30, 2019

Statements of Financial Position

December 31,

ASSETS	**2018**	2017
Current Assets		
Cash and cash equivalents	**$ 2,738,189**	$ 2,739,361
Contributions and grants receivable	**55,363**	46,289
Prepaid expenses	**22,191**	20,126
Total Current Assets	**2,815,743**	2,805,776
Furniture and Equipment		
Furniture, equipment and software	**73,857**	86,277
Accumulated depreciation	**(55,328)**	(52,171)
	18,529	34,106
Other Assets		
Deposits	**16,057**	16,057
Investments	**516,319**	499,744
Total Other Assets	**532,376**	515,801
Total Assets	**$ 3,366,648**	$ 3,355,683
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	**$ 12,028**	$ 12,211
Accrued payroll liabilities and benefits	**79,895**	18,069
Total Current Liabilities	**91,923**	30,280
Total Liabilities	**91,923**	30,280
Net Assets		
Without donor restrictions:		
Undesignated	**1,671,598**	1,669,285
Board designated	**207,000**	240,000
Net investment in property and equipment	**18,529**	34,106
Total without donor restrictions	**1,897,127**	1,943,391
With donor restrictions	**1,377,598**	1,382,012
	3,274,725	3,325,403
Total Liabilities and Net Assets	**$ 3,366,648**	$ 3,355,683

Statements of Activities

Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and Other Support			
Contributions	$ 124,323		$ 124,323
Foundations and grants	78,376	$ 2,018,888	2,097,264
Interest income	19,389		19,389
Realized and unrealized gain on investments	8,416		8,416
Other revenue	5,899		5,899
Total Revenue and Other Support - Before Net Assets Released from Restrictions	236,403	2,018,888	2,255,291
Net Assets Released from Restrictions			
Satisfaction of time and purpose restrictions	2,023,302	(2,023,302)	
Total Revenue and Other Support	2,259,705	(4,414)	2,255,291
Expenses			
Program services	2,077,608		2,077,608
Management and general	125,999		125,999
Fundraising and development	102,362		102,362
Total Expenses	2,305,969		2,305,969
Change in Net Assets	(46,264)	(4,414)	(50,678)
Net Assets, Beginning of Year	1,943,391	1,382,012	3,325,403
Net Assets, End of Year	$ 1,897,127	$ 1,377,598	$ 3,274,725

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

Statements of Activities - Continued

Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and Other Support			
Contributions	$ 76,581		$ 76,581
Foundations and grants	93,600	$ 1,980,450	2,074,050
Interest income	4,759		4,759
Realized and unrealized gain on investments	6,432		6,432
Other revenue	2,447		2,447
Total Revenue and Other Support - Before Net Assets Released from Restrictions	183,819	1,980,450	2,164,269
Net Assets Released from Restrictions			
Satisfaction of time and purpose restrictions	2,151,605	(2,151,605)	
Total Revenue and Other Support	2,335,424	(171,155)	2,164,269
Expenses			
Program services	1,975,241		1,975,241
Management and general	136,919		136,919
Fundraising and development	64,576		64,576
Total Expenses	2,176,736		2,176,736
Change in Net Assets	158,688	(171,155)	(12,467)
Net Assets, Beginning of Year	1,784,703	1,553,167	3,337,870
Net Assets, End of Year	$ 1,943,391	$ 1,382,012	$ 3,325,403

Statements of Functional Expenses

Year Ended December 31, 2018

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

Statements of Functional Expenses - Continued

Year Ended December 31, 2017

	Program Services	Management and General	Fundraising and Development	Total Expenses
Salaries and wages	$ 1,227,053	$ 70,086	$ 47,996	$ 1,345,135
Consultants	242,605	11,792	219	254,616
Payroll taxes and fringe benefits	220,535	15,633	6,202	242,370
Occupancy	112,902	4,909	4,908	122,719
Travel	56,995	593	574	58,162
Accounting	2,756	22,522		25,278
Technology	22,384	1,767	628	24,779
Communications	21,468	1,024	824	23,316
Website	19,006	1,065	585	20,656
Depreciation	15,273	278	278	15,829
Meetings and conferences	10,843	103	63	11,009
Printing	7,274	17	14	7,305
Insurance	2,625	3,558	114	6,297
Office supplies	4,461	635	202	5,298
Miscellaneous	3,324	345	404	4,073
Books and subscriptions	3,306	107	8	3,421
Bank fees	19	595	1,456	2,070
Professional fees	1,413	545	67	2,025
Lobbying fees	260	1,215		1,475
Postage	739	130	34	903
Total Expenses	$ 1,975,241	$ 136,919	$ 64,576	$ 2,176,736

Statements of Cash Flows

Years Ended December 31,

	2018	2017
Cash flows used in operating activities:		
Change in net assets	**$ (50,678)**	$ (12,467)
Adjustments to reconcile change in net assets to net cash flows used in operating activities:		
Depreciation	**15,577**	15,829
Net realized and unrealized gain on investments	**(8,416)**	(6,432)
(Increase) decrease in operating assets:		
Accounts and grants receivable	**(9,074)**	393,888
Prepaid expenses	**(2,065)**	(11,724)
Deposits		(1,275)
Increase in operating liabilities:		
Accounts payable	**(183)**	(3,281)
Accrued payroll liabilities and benefits	**61,826**	18,069
Total adjustments	**57,665**	405,074
Net cash flows used in operating activities	**6,987**	392,607
Cash flows used in investing activities:		
Software and website costs		(40,049)
Purchases of investments	**(8,159)**	(3,297)
Net cash used in investing activities	**(8,159)**	(43,346)
Net increase in cash and cash equivalents	**(1,172)**	349,261
Cash and cash equivalents, beginning of year	**2,739,361**	2,390,100
Cash and cash equivalents, end of year	**$ 2,738,189**	$ 2,739,361

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

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), which involves the application of accrual accounting.

Revenue Recognition

Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported, as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

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

Accounts and Grants Receivable

Accounts and grants receivable consist of grants awarded but not yet received and other amounts owed to the Organization at year end. Management has deemed all accounts and grants receivable to be fully collectible; therefore, no allowance for uncollectible accounts has been recorded.

Investments

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

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements

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

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

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

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

For the years ended December 31, 2018 and 2017, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Money market funds are measured using $1 as the net asset value (NAV).

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

Concentration of Revenue

Of the revenues received by the Organization for the years ended December 31, 2018 and 2017, approximately 60% and 70%, respectively, were from its four largest revenue sources. Changes in or elimination of these revenue sources could adversely affect operations of the Organization if other revenue sources are not readily available.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The reclassifications were primarily related to the classifications of current liabilities. There was no change to net assets or the change in net assets as of and for the year ended December 31, 2017, as previously reported.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue

The Organization's principal funding sources are contributions, gifts, and grants from the general public and private foundations. All contributions are considered available for the Organization's general programs, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions and increase the respective class of net assets.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on direct labor incurred.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

Use of Estimates

The preparation of financial statements in conformity with 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 in the reporting period. Accordingly, actual results could differ from these estimates.

Recently Adopted Accounting Pronouncement

Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958)*: Presentation of Financial Statements of Not-for-Profit Entities, to amend previous reporting requirements to make several improvements, including reducing complexities of information presented within Not-for-Profit financial statements. A main provision of this update is that a Not-for-Profit entity will report two classes of net assets (amounts for net assets with donor restrictions and net assets without donor restrictions), rather than the previously required three classes. The guidance is effective for annual periods beginning after December 15, 2017. This standard requires retrospective application to previously issued financial statements for 2017, if presented. Management adopted this ASU for the year ended December 31, 2018. Net assets were reclassified as of and for the year ended December 31, 2017.

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, *Revenues from Contracts with Customers (Topic 606)*, to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP and International Financial Reporting Standards (IFRS), and has modified the standard thereafter. The core principle of the guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for all nonpublic entities' annual periods beginning after December 15, 2018. Management is currently evaluating the impact of adoption on its financial statements.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements – Continued

Leasing

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their statement of financial position as liabilities, with corresponding “right-of-use” assets. The standard is effective for annual reporting periods in fiscal years that begin after December 15, 2020. Management is currently evaluating the impact of adoption on its financial statements.

Contributions Received and Contributions Made

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update is to provide guidance for not-for-profit entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or exchanges (reciprocal transactions) and determining whether a contribution is conditional. In general, the update is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. Management is currently evaluating the impact of adoption on its financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover approximately eight months of general expenditures. The following table reflects the Organization’s financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures beyond one year of the statement of financial position date because of donor restrictions or internal board designations.

Cash and cash equivalents	$2,738,189
Contributions and grants receivable	55,363
	2,793,552
Less: board designation to cover future operating budget deficit	(207,000)
Less: net assets with donor restrictions	(1,377,598)
	$1,208,954

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at various financial institutions in the United States (U.S.) and Canada. As of December 31, 2018 and 2017, deposits in the U.S. were insured by FDIC up to a maximum amount of $250,000 per institution, and deposits in Canada were insured by CDIC up to a maximum amount of $100,000 per institution. Additionally, the Organization holds a repurchase agreement with a local bank (U.S.) providing federally-backed collateralization for certain cash balances. At December 31, 2018 and 2017, the Organization's uninsured and uncollateralized cash balances totaled $3,200 and $1,911, respectively.

NOTE 4 – FURNITURE AND EQUIPMENT

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

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 5 – INVESTMENTS

In accordance with FASB ASC 820-10 *Fair Value Measurement,* the Organization reports its investments at fair value.

Investments at December 31, 2018 and 2017 consisted of the following:

	2018	**2017**
Money market funds	**$ 464,139**	**$ 457,241**
Equities: corporate stock	**52,180**	**42,503**
	$ 516,319	**$ 499,744**

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

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

		Fair Value Measurements at Report Date Using		
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Money market funds	**$ 464,139**	**$ 464,139**		
Equities: corporate stock	**52,180**	**52,180**		
	$ 516,319	**$ 516,319**		

The reported values of assets measured at fair value on a recurring basis are classified as follows at December 31, 2017:

		Fair Value Measurements at Report Date Using		
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 457,241	$ 457,241		
Equities: corporate stock	42,503	42,503		
	$ 499,744	$ 499,744		

Transfers between levels of assets are recognized on the actual date of the event or change in circumstance that caused the transfer; there were no transfers between levels of assets during the years ended December 31, 2018 and 2017.

NOTE 6 – NET ASSETS

At December 31, 2018 and 2017, the Board designated $207,000 and $240,000 of net assets without donor restrictions, respectively, to be used to cover future operating budget deficits.

The Organization has received multiple grants with primary purpose restrictions to expend funds on clean energy. Net assets with donor restrictions were $1,377,598 and $1,382,012 at December 31, 2018 and 2017, respectively. Net assets were released from donor restrictions as the stipulated purposes for which the resources were restricted were met in the amounts of $2,023,302 and $2,151,605 for the years ended December 31, 2018 and 2017, respectively.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 7 – OPERATING LEASE

During the year ended December 31, 2008, the Organization entered into an operating lease for office space located in Hartford, Connecticut under the terms of a non-cancelable lease. The original term of this lease agreement was three years, with an additional three-year renewal option available thereafter, which was exercised in 2011. The lease terms were amended to extend until March 31, 2024. The lease calls for monthly rent payments ranging from $1,722 to $1,880 per month during the term of the lease. During the year ended December 31, 2013, the Organization entered into an operating lease in Providence, Rhode Island under the terms of a non-cancelable lease. The original term of this lease was three years. In 2016, the lease terms were amended to extend until 2020. The lease calls for monthly rent payments of $763. During the year ended December 31, 2014, the Organization entered into an operating lease for office space located in Boston, Massachusetts under the terms of a non-cancelable lease. The original term of this lease was five years and four months. The lease called for monthly rent payments ranging from $5,608 to $6,278 per month during the term of the lease.

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

During the years ended December 31, 2018 and 2017, the Organization incurred rental costs in relation to these leases amounting to $126,997 and $117,374, respectively.

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

2019	$104,951
2020	65,729
2021	21,494
2022	21,969
2023	22,444
Thereafter	5,641
	$242,228

NOTE 8 – DEFINED CONTRIBUTION PLAN

The Organization has a 401(k) plan through which eligible employees may make pre-tax elective deferrals up to limits set by law. The plan provides for an employer match of 100% of employee contributions up to a deferral of 6% of pay, as well as non-elective employer contributions which may be made at the discretion of the Organization. Total expenses relating to pension plan contributions for the years ended December 31, 2018 and 2017 amounted to $77,901 and $58,716, respectively.

NOTE 9 – CONDITIONAL PROMISES TO GIVE

In 2018 and 2016, the Organization received commitments for future funding contingent on certain conditions being fulfilled. Management views these commitments as conditional promises to give not qualifying for recognition under FASB ASC 958-605 *Revenue Recognition-Contributions.* Accordingly, no receivable or revenue is recognized within the financial statements until the conditions are met. For the years ended December 31, 2018 and 2017, the conditional commitments totaled $100,000 and $500,000 respectively.

NOTE 10 – SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including August 30, 2019, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.