Acadia Center

Financial Statements

Years Ended December 31, 2021 and 2020

WIPFLI

Independent Auditor's Report

To the Board of Directors
Acadia Center
Rockport, Maine

Opinion

We have audited the accompanying financial statements (the ''financial statements'') of Acadia Center (the "Organization"), a nonprofit organization, which comprise the accompanying statements of financial position as of December 31, 2021 and 2020, and the related accompanying statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Acadia Center as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States ("GAAS"). 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 Acadia Center 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 financial statements in accordance with accounting principles generally accepted in the United States, 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 Acadia Center's ability to continue as a going concern for one year after the date 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 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, including omissions, 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, 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 Acadia Center’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 Acadia Center'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.

Wipfli LLP

Wipfli LLP
South Portland, Maine
August 10, 2022

Acadia Center
Statements of Financial Position

December 31,	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,844,958	$ 3,775,260
Contributions and grants receivable	41,626	62,899
Prepaid expenses	13,538	12,899
Total current assets	3,900,122	3,851,058
Furniture and equipment		
Furniture and equipment	142,932	137,489
Accumulated depreciation	(98,966)	(74,155)
Total furniture and equipment	43,966	63,334
Other assets		
Deposits	2,915	2,915
Investments	140,367	97,374
Total other assets	143,282	100,289
TOTAL ASSETS	$ 4,087,370	$ 4,014,681
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 16,056	$ 29,872
Accrued payroll and benefits	37,366	43,357
Refundable advance	-	299,100
Total current liabilities	53,422	372,329
Total liabilities	53,422	372,329
Net assets		
Without donor restrictions:		
Undesignated	2,714,482	2,594,851
Board designated	499,500	-
Investment in furniture and equipment	43,966	63,334
Total without donor restrictions	3,257,948	2,658,185
With donor restrictions	776,000	984,167
Total net assets	4,033,948	3,642,352
TOTAL LIABILITIES AND NET ASSETS	$ 4,087,370	$ 4,014,681

See accompanying notes to financial statements.

Acadia Center
Statement of Activities

Year Ended December 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	$ 649,070	$ -	$ 649,070
Foundations and grants	121,712	1,437,000	1,558,712
Government grant - PPP	299,100	-	299,100
Interest income	5,379	-	5,379
Gain on investments	25,457	-	25,457
Other revenue	3,542	-	3,542
Revenue and other support - before net assets released from restrictions	1,104,260	1,437,000	2,541,260
Net assets released from restrictions			
Satisfaction of time and purpose restrictions	1,645,167	(1,645,167)	-
Total revenue and other support	2,749,427	(208,167)	2,541,260
Expenses			
Program services	1,882,051	-	1,882,051
Management and general	134,819	-	134,819
Fundraising and development	132,794	-	132,794
Total expenses	2,149,664	-	2,149,664
Change in net assets	599,763	(208,167)	391,596
Net assets, beginning of year	2,658,185	984,167	3,642,352
Net assets, end of year	$ 3,257,948	$ 776,000	$ 4,033,948

See accompanying notes to financial statements.

Acadia Center
Statement of Activities - Continued

Year Ended December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	$ 482,426	$ -	$ 482,426
Foundations and grants	172,731	1,741,800	1,914,531
Interest income	11,476	-	11,476
Gain on investments	7,870	-	7,870
Other revenue	7,680	-	7,680
Revenue and other support - before net assets released from restrictions	682,183	1,741,800	2,423,983
Net assets released from restrictions			
Satisfaction of time and purpose restrictions	1,761,383	(1,761,383)	-
Total revenue and other support	2,443,566	(19,583)	2,423,983
Expenses			
Program services	1,675,584	-	1,675,584
Management and general	136,901	-	136,901
Fundraising and development	140,986	-	140,986
Total expenses	1,953,471	-	1,953,471
Change in net assets	490,095	(19,583)	470,512
Net assets, beginning of year	2,168,090	1,003,750	3,171,840
Net assets, end of year	$ 2,658,185	$ 984,167	$ 3,642,352

See accompanying notes to financial statements.

Acadia Center
Statement of Functional Expenses

Year Ended December 31, 2021	Program Services	Management and General	Fundraising and Development	Total Expenses
Salaries and wages	$ 1,341,534	$ 58,433	$ 49,769	$ 1,449,736
Payroll taxes and fringe benefits	264,116	11,159	10,207	285,482
Consultants	126,653	4,475	55,249	186,377
Occupancy	41,558	1,807	1,807	45,172
Travel	2,107	-	24	2,131
Technology	18,637	782	573	19,992
Communications	17,384	359	487	18,230
Meetings and conferences	3,143	-	-	3,143
Website	27,018	1,237	1,070	29,325
Depreciation	23,037	887	887	24,811
Accounting	-	43,227	-	43,227
Insurance	3,003	4,387	130	7,520
Miscellaneous	4,908	1,554	3,295	9,757
Books and subscriptions	4,022	147	1,336	5,505
Office supplies	1,383	382	44	1,809
Bank fees	-	760	3,560	4,320
Printing	304	-	3,644	3,948
Professional fees	1,082	4,625	45	5,752
Lobbying fees	1,180	-	-	1,180
Postage	982	574	667	2,223
Other taxes	-	24	-	24
Total expenses	$ 1,882,051	$ 134,819	$ 132,794	$ 2,149,664

See accompanying notes to financial statements.

Acadia Center

Statement of Functional Expenses - Continued

Year Ended December 31, 2020	Program Services	Management and General	Fundraising and Development	Total Expenses
Salaries and wages	$ 1,223,881	$ 87,073	$ 66,145	$ 1,377,099
Payroll taxes and fringe benefits	213,024	19,352	12,372	244,748
Consultants	89,284	55	48,952	138,291
Occupancy	71,197	3,095	3,095	77,387
Travel	2,262	-	-	2,262
Technology	12,453	813	678	13,944
Communications	12,629	398	398	13,425
Meetings and conferences	2,319	-	20	2,339
Website	14,112	819	372	15,303
Depreciation	16,819	74	74	16,967
Accounting	-	16,533	-	16,533
Insurance	2,299	3,981	100	6,380
Miscellaneous	4,996	3,185	1,015	9,196
Books and subscriptions	4,869	107	580	5,556
Office supplies	2,970	159	196	3,325
Bank fees	-	613	3,425	4,038
Printing	612	16	2,839	3,467
Professional fees	965	19	19	1,003
Lobbying fees	430	215	-	645
Postage	463	374	706	1,543
Other taxes	-	20	-	20
Total expenses	$ 1,675,584	$ 136,901	$ 140,986	$ 1,953,471

See accompanying notes to financial statements.

Acadia Center

Statements of Cash Flows

Years Ended December 31,	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 391,596	$ 470,512
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	-	-
Net gain on investments	-	-
(Increase) decrease in operating assets:		
Contributions and grants receivable	-	-
Prepaid expenses	-	-
Deposits	-	-
Increase (decrease) in operating liabilities:		
Accounts payable	-	-
Accrued payroll and benefits	-	-
Refundable advance	-	-
Total adjustments	-	-
Net cash flows from operating activities	391,596	470,512
Cash flows from investing activities:		
Purchase of furniture and equipment	-	-
Proceeds from sale of investments	25	460,918
Purchase of investments	(17,561)	-
Net cash flows from investing activities	(17,536)	460,918
Net change in cash and cash equivalents	374,060	931,430
Cash and cash equivalents, beginning of year	3,535,558	2,604,128
Cash and cash equivalents, end of year	$ 3,909,618	$ 3,535,558

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Organization

Acadia Center 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 Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), which involves the application of accrual accounting.

Revenue Recognition

Contributions and grants, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.

- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions and grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Note 1: Summary of Significant Accounting Policies (Continued)

Grant Revenue (Continued)

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets of the Organization 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 certain 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. 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.

Contributions and Grants Receivable

Unconditional contributions and grants receivable are reported at net realizable value. Management individually reviews all past due receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of contributions and grants receivable are reduced by allowances that reflect management's estimate of uncollectible amounts. Management has deemed all contributions 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.

Note 1: 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, 2021 and 2020, 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:

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 method. Estimated useful lives of the respective assets range from two to three years.

Functional Expenses

The costs of program and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Other operating costs are allocated based on utilization.

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. The Organization is required to assess whether it is more likely than not a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Upcoming Accounting Pronouncement

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, 2021. 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, 2021 and 2020, reduced by amounts that are not available to meet general expenditures beyond one year of the statements of financial position date because of donor restrictions or internal board designations.

	2021	2020
Cash and cash equivalents	$ 3,844,958	$ 3,775,260
Contributions and grants receivable	41,626	62,899
	3,886,584	3,838,159
Less: board designation to cover future operating budget deficit	(499,500)	-
Less: net assets with donor restrictions	(776,000)	(984,167)
	$ 2,611,084	$ 2,853,992

Note 3: Concentrations

Concentration of Credit Risk

The Organization maintains cash balances at various financial institutions in the United States (U.S.) and Canada. As of December 31, 2021 and 2020, 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.

Concentration of Revenue

Of the revenues received by the Organization for the years ended December 31, 2021 and 2020, approximately 49% and 55%, 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.

Note 4: Investments

Investments at December 31, 2021 and 2020, consisted of the following:

	2021	2020
Equity securities	$ 140,367	$ 97,374

Note 4: Investments (Continued)

The Organization invests in various investment securities. 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, 2021:

		Fair Value Measurements at Report Date Using		
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Equity securities	$ 140,367	$ 140,367	$ -	$ -

The reported values of assets measured at fair value on a recurring basis are classified as follows at December 31, 2020:

		Fair Value Measurements at Report Date Using		
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Equity securities	$ 97,374	$ 97,374	$ -	$ -

Note 5: Refundable Advance

During the year ended December 31, 2020, the Organization received an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic in the amount of $299,100. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses and nonprofit organizations for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business.

The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Organization has determined the award was a conditional grant and conditions were not met as of December 31, 2020, therefore the amount of the loan was recognized in the statements of financial position as a refundable advance in the amount of $299,100 as of December 31, 2020. The Organization did satisfy the conditions, requested complete forgiveness of the PPP Loan and received approval in March 2021 and has recognized the full amount of the award as revenue in the year ended December 31, 2021.

Note 6: Net Assets

At December 31, 2021 the board designated funds from net assets without donor restrictions to cover future fiscal year's operating budget deficit in the amount of $499,500. There were no board designated funds at December 31, 2020.

The Organization has received multiple grants with primary purpose restrictions to expend funds on clean energy. Net assets with donor restrictions were $776,000 and $984,167 at December 31, 2021 and 2020, respectively. Net assets were released from donor restrictions as the stipulated purposes for which the resources were restricted were met in the amounts of $1,645,167 and $1,761,383 for the years ended December 31, 2021 and 2020, respectively.

Note 7: Operating Leases

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 January 2020. The lease called for monthly rent payments of $763. After January 2020, the lease was extended again and the monthly rent payments increased to $799 until January 2022. The lease was not extended and as of January 2022 this lease is on a month to month basis.

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. The lease ended April 2020 and was not renewed.

In addition, the Organization leases office space in Rockport, Maine and storage units in Stoughton, Massachusetts, on a month to month basis. Rent expense is $500 and $474 a month, respectively.

During the years ended December 31, 2021 and 2020, the Organization incurred base rent and other rental costs in relation to these leases amounting to $43,822 and $74,266, respectively, which are included in occupancy expense on the statements of functional expenses.

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

2022	$ 22,768
2023	22,444
2024	5,641
	$ 50,853

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, 2021 and 2020, amounted to $85,106 and $65,371, respectively.

Note 9: Risk and Uncertainties

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the Organization had not yet suffered any material adverse impact from the CV19 Crisis. Management believes the Organization is taking appropriate actions to mitigate the negative impact, including obtaining a Small Business Administration Paycheck Protection Program loan in the amount of $299,100. The future impact of COVID-19 is unknown and cannot be reasonably estimated at this time.

Note 10: Subsequent Events

Management has made an evaluation of subsequent events to and including August 10, 2022, 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.