

**AMERICAN LITTORAL SOCIETY
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2023 and 2022**

AMERICAN LITTORAL SOCIETY
FINANCIAL STATEMENTS
December 31, 2023 and 2022

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES.....	5-6
STATEMENTS OF CASH FLOWS.....	7
NOTES TO FINANCIAL STATEMENTS.....	8-14

GERMAN, VREELAND & ASSOCIATES, LLP

CERTIFIED PUBLIC ACCOUNTANTS

JEFFREY M. GERMAN, MBA, CPA
DAVID A. HULSIZER, CPA
VICTOR MAISANO, CPA
KEVIN O'CONNOR, MBA, CPA
RAJESH K. SETHI, CPA, MST

2 RIDGEDALE AVENUE - SUITE 300
CEDAR KNOLLS, NJ 07927-1119
(973) 605-2777
FAX (973) 605-8064
www.gvacpa.com

MARIA BATTERSHALL, CPA
ROBERT W. DODDS, CPA*

RETIRED
LOUIS T. GERMAN (1923 - 2013)
CURT L. PALATSKY (1951 - 2018)
GORDON A. VREELAND

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
American Littoral Society
Highlands, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of American Littoral Society (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of American Littoral Society as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with 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. 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 American Littoral Society, 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 opinions.

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 the American Littoral Society'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 generally accepted auditing standards 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 generally accepted auditing standards 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 American Littoral Society'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.
- Consider whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Littoral Society'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 combining statements of financial position and combining statements of activities and net assets are presented for additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, 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 and state financial assistance 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 April 25, 2024 on our consideration of American Littoral Society'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 American Littoral Society'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 American Littoral Society's internal control over financial reporting and compliance.


German, Vreeland & Associates, LLP
Cedar Knolls, New Jersey
April 25, 2024

AMERICAN LITTORAL SOCIETY
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 830,360	\$ 1,338,126
Grants receivable	1,201,542	844,790
Prepaid expenses	35,565	32,196
Right-of-use assets - operating leases	31,744	9,796
Total current assets	<u>2,099,211</u>	<u>2,224,908</u>
 Fixed assets, net of accumulated depreciation	 42,773	 55,757
 Security deposits	 <u>1,250</u>	 <u>1,250</u>
 TOTAL ASSETS	 <u>\$ 2,143,234</u>	 <u>\$ 2,281,915</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 773,678	\$ 435,483
Refundable advance	106,761	106,761
Operating lease liability	14,293	4,378
Deferred revenue	15,000	18,778
Total current liabilities	<u>909,732</u>	<u>565,400</u>
 Long-term liability-operating lease liability	 17,451	 5,418
 Net assets		
Without donor restrictions	593,559	626,713
With donor restrictions	622,492	1,084,384
Total net assets	<u>1,216,051</u>	<u>1,711,097</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,143,234</u>	 <u>\$ 2,281,915</u>

See accompanying notes.

AMERICAN LITTORAL SOCIETY
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023			2022		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT						
Federal and state						
government grants	\$ -	\$ 1,521,981	\$ 1,521,981	\$ 281,387	\$ 7,951,172	\$ 8,232,559
Foundation grants	20,400	443,402	463,802	80,000	1,475,405	1,555,405
Contributions	332,754	-	332,754	250,470	-	250,470
Program revenue	171,844	-	171,844	121,594	-	121,594
Memberships	68,687	-	68,687	66,920	-	66,920
Investment income	51,752	-	51,752	7,248	-	7,248
Special event revenue	58,987	-	58,987	54,699	-	54,699
Miscellaneous income	2,331	-	2,331	2,128	-	2,128
Total revenue and support	<u>706,755</u>	<u>1,965,383</u>	<u>2,672,138</u>	<u>864,446</u>	<u>9,426,577</u>	<u>10,291,023</u>
Net assets released						
from restrictions	2,427,275	(2,427,275)	-	8,536,688	(8,536,688)	-
Total revenue and support	<u>3,134,030</u>	<u>(461,892)</u>	<u>2,672,138</u>	<u>9,401,134</u>	<u>889,889</u>	<u>10,291,023</u>
EXPENSES						
Program	2,481,877	-	2,481,877	8,484,623	-	8,484,623
Management and general	500,030	-	500,030	511,627	-	511,627
Fundraising	185,277	-	185,277	163,929	-	163,929
Total expenses	<u>3,167,184</u>	<u>-</u>	<u>3,167,184</u>	<u>9,160,179</u>	<u>-</u>	<u>9,160,179</u>
EXCESS OF REVENUE AND SUPPORT (UNDER) OVER EXPENSES	(33,154)	(461,892)	(495,046)	240,955	889,889	1,130,844
NET ASSETS, Beginning of year	<u>626,713</u>	<u>1,084,384</u>	<u>1,711,097</u>	<u>385,758</u>	<u>194,495</u>	<u>580,253</u>
NET ASSETS, End of year	<u>\$ 593,559</u>	<u>\$ 622,492</u>	<u>\$ 1,216,051</u>	<u>\$ 626,713</u>	<u>\$ 1,084,384</u>	<u>\$ 1,711,097</u>

See accompanying notes.

AMERICAN LITTORAL SOCIETY
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	2023			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries, payroll taxes and fringe benefits	\$ 1,019,007	\$ 340,592	\$ 122,723	\$ 1,482,322
Subcontractors and consultants	1,163,196	-	-	1,163,196
Conferences and meetings	3,331	-	825	4,156
Trip fees	53,526	-	-	53,526
Supplies	105,778	5,290	23,346	134,414
Information technology	2,922	23,798	6,025	32,745
Occupancy costs	33,190	17,977	-	51,167
Professional fees	11,855	37,145	-	49,000
Travel expenses	31,036	4,825	1,802	37,663
Insurance	23,751	32,912	-	56,663
Printing	1,495	13,353	12,218	27,066
Telephone	2,954	6,756	-	9,710
Office expenses	7,644	6,587	8,899	23,130
Depreciation	12,984	-	-	12,984
Postage	4,281	10,795	7,575	22,651
Professional development	4,927	-	1,864	6,791
	\$ 2,481,877	\$ 500,030	\$ 185,277	\$ 3,167,184

See accompanying notes.

AMERICAN LITTORAL SOCIETY
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	2022			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries, payroll taxes and fringe benefits	\$ 995,568	\$ 343,878	\$ 101,002	\$ 1,440,448
Subcontractors and consultants	7,236,222	1,500	-	7,237,722
Conferences and meetings	6,503	-	-	6,503
Trip fees	34,586	-	-	34,586
Supplies	82,215	4,490	29,598	116,303
Information technology	2,501	24,304	4,498	31,303
Occupancy costs	32,940	21,430	-	54,370
Professional fees	6,625	42,375	-	49,000
Travel expenses	37,111	3,485	2,929	43,525
Insurance	20,877	30,978	-	51,855
Printing	3,204	16,139	11,903	31,246
Telephone	2,746	7,395	-	10,141
Office expenses	5,873	5,948	6,028	17,849
Postage	9,164	-	-	9,164
Professional development	3,221	9,420	7,576	20,217
	5,267	285	395	5,947
Total expenses	\$ 8,484,623	\$ 511,627	\$ 163,929	\$ 9,160,179

See accompanying notes.

AMERICAN LITTORAL SOCIETY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (495,046)	\$ 1,130,844
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	12,984	9,164
Operating lease right-of-use asset	(21,948)	-
Change in operating assets		
(Increase) decrease in grants receivable	(356,752)	346,537
(Increase) in prepaid expenses	(3,369)	(13,175)
Increase (decrease) in accounts payable and accrued expenses	338,195	(148,643)
(Decrease) in refundable advance	-	(281,387)
(Decrease) in deferred revenue	(3,778)	(57,000)
Increase in operating lease liability	21,948	-
Net cash (used in) provided by operating activities	(507,766)	986,340
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(64,921)
Purchase of investments	-	-
Net cash (used in) investing activities	-	(64,921)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(507,766)	921,419
CASH AND CASH EQUIVALENTS, Beginning of year	1,338,126	416,707
CASH AND CASH EQUIVALENTS, End of year	\$ 830,360	\$ 1,338,126
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ -	\$ -

See accompanying notes.

AMERICAN LITTORAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the American Littoral Society (the “Society”) have been prepared on the accrual basis of accounting. The significant accounting policies followed by the Society are described below, as to enhance the usefulness of the financial statements to the reader.

Organization

The Society was established on March 14, 1963 as a not-for-profit association for the protection and preservation of the oceans and related wildlife. The Society’s programs are primarily supported through grants and contributions.

The Society operates the following regional offices: American Littoral Society Headquarters Mid Atlantic Chapter (“HQ”), American Littoral Society Northeast Chapter (“NE”) and American Littoral Society Southeast Chapter (“SE”).

HQ, NE and SE are primarily dedicated to the study and conservation of aquatic life and its habitat, to encourage this study by observation and ways of fishes and other aquatic animals; to study aquatic flora; to collect and publish records of natural history observations; to establish educational programs in aquatic natural history; to assist members in solving problems of scientific study, identification and description of aquatic forms; to foster interest in aquatic life and public awareness of the value of conservation programs; to promote physical and visual access to the sea and the entrances to same; and to act affirmatively to protect the environment.

Tax Status and Incorporation

The Society was incorporated under Title 15 of the revised statutes of the State of New Jersey as a not-for-profit corporation. The corporation is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for Federal income taxes. The Society has no uncertain tax positions at December 31, 2023 and 2022. In addition, there was no interest or penalties related to income taxes included in the financial statements.

Basis of Presentation

The Society reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors; net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

Contributions

Contributions are recognized when the donor makes a promise to give to the Society that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

AMERICAN LITTORAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition

The Society receives grants and contracts from federal, state, and local agencies, as well as from private organizations, to be used for specific programs. Unconditional grant awards are recorded as contribution revenue in the period which they are awarded. Grant awards having the existence of a condition, but lacking in both the existence of a barrier and right of return to the resource provider, are classified as restricted contribution revenue until conditions of the award are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as deferred revenue when received and are recognized as revenue when the awards are expended for the purpose of the grant or other conditions are satisfied.

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity (three months or less) that they present insignificant risk of changes in value because of changes in interest rates.

Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Society at times maintains cash balances on deposit with financial institutions in excess of insurable limits. The condition is mitigated by having funds deposited with high quality financial institutions. The Society does not believe that it is exposed to any significant credit risk on its cash and cash equivalents.

Prepaid Expenses

Prepaid expenses consist mainly of the unexpired portion of insurance premiums paid.

Valuation of Long-Lived Assets

In accordance with the accounting pronouncements related to accounting for the impairment or disposal of long-lived assets, the Society reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Fixed Assets and Depreciation

Fixed assets are recorded at cost when purchased, or at fair value at date of gift. Depreciation is provided for by the straight-line method over the estimated useful lives of the assets. Major renewals and betterments are charged to fixed assets; maintenance, minor repairs and replacements which do not improve or extend the life of the respective assets are expensed currently.

Advertising Costs

Advertising costs are expensed when incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures included in the financial statements. Accordingly, actual results could differ from those estimates.

AMERICAN LITTORAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fair Value of Financial Instruments

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Society considers the principal or most advantageous market and assumptions that market participants would use when pricing the asset or liability.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among programs and supporting services. Expenditures which can be identified with a specific program or support service are recorded directly, according to their natural expenditure classification. Costs that are common to more than one function are allocated among the program and supporting services based on estimates by management.

Contributed Services

Contribution of services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by individuals who possess those skills, and would otherwise be purchased if not provided by contribution. The Society is dependent upon a substantial number of volunteers who contribute significant amounts of their time to program activities. The Society did not reflect an amount in the financial statements for contributed services, as these services do not meet the criteria for recognition.

New Accounting Pronouncement Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Society adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. The Society has elected to adopt the package of practical expedients available in the year of adoption. The Society has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Society's right-of-use (ROU) assets.

The Society determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, operating lease liabilities in liabilities on the statement of financial position. ROU assets represent the Society's right to use an underlying asset for the lease term and lease liabilities represent the Society's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Society uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments.

AMERICAN LITTORAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 – GRANTS RECEIVABLE

Grants receivable consisted of grants and contributions from foundations and government agencies to be used for particular programs.

NOTE 3 – DEFERRED REVENUE

Deferred revenue represents funds received for programs that will be completed in future periods.

NOTE 4 – FIXED ASSETS

Fixed assets at December 31, 2023 and 2022 consisted of the following:

	Estimated Life (Years)	<u>2023</u>	<u>2022</u>
Vehicles	5	\$64,921	\$64,921
Less: accumulated depreciation		<u>(22,148)</u>	<u>(9,164)</u>
Net fixed assets		<u>\$42,773</u>	<u>\$55,757</u>

Depreciation expense totaled \$12,984 and \$9,164 for the years ended December 31, 2023 and 2022, respectively.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for purposes as designated by the donor as follows at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
HQ	\$599,083	\$1,057,621
NE	23,409	26,763
SE	<u>-</u>	<u>-</u>
	<u>\$622,492</u>	<u>\$1,084,384</u>

NOTE 6 – FINANCIAL DEPENDENCY

The Society receives a substantial amount of support from foundation grants. The Society is economically dependent on these grants to carry out its operations.

AMERICAN LITTORAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 7 – LEASES

The Society determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment in exchange for consideration. For leases with terms greater than 12 months, the Society records the related right-of-use asset and liability at the present value of the lease payments over the contract term using the incremental borrowing rate. The Society elected the practical expedient not to separate contract lease and non-lease components. Variable lease costs also include escalating rent payments over the lease term. Most leases include one or more options to renew the lease at the end of the initial term. The Society does not include the renewal options in the lease term for purposes of calculating the lease liability due to the uncertainty at the time of lease commencement as to whether the renewal option is reasonably certain to be executed. The Society has elected not to record leases with an initial term of 12 months or less on the statement of financial position.

The Society leases office space in the Highlands (Sandy Hook), New Jersey from the U.S. Department of Interior, National Park Service (“NPS”). The Society’s partnership agreement with NPS was extended through May 23, 2022 and further extended until a new agreement with NPS is finalized. The Society has agreed to pay for capital improvements to the building in place of fixed monthly rent.

The Society entered into a two year operating lease for office space in Millville, New Jersey commencing on March 1, 2021. The lease provided for monthly rental payments of \$1,250. As of March 1, 2023, the Society entered into a three year lease, in the same premises, terminating on February 28, 2026, with monthly rental payments of \$1,275. The Society leases office space in Broad Channel, New York from the director of that program on a month-to-month basis for \$1,380 per month.

The weighted average lease term and discount rate are as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Right-of-use operating lease – remaining term in years	2.2	3.9
Right-of-use operating lease discount rate	4.2%	5.0%

Lease payments are recognized on a straight-line basis over the lease term:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$33,190	\$32,899
Operating cash flows	\$33.190	\$32.899

The following table summarizes the maturity of right-of-use lease liabilities under operating leases for the subsequent years as of December 31, 2023:

	<u>Operating</u>
2024	\$15,300
2025	15,300
2026	<u>2,550</u>
Total	33,150
Less: discount	<u>(1,406)</u>
Present value of lease liability	<u>\$31,744</u>

AMERICAN LITTORAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Society’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$830,360	\$ 1,338,126
Grants receivable	<u>1,201,542</u>	<u>844,790</u>
Total financial assets	2,031,902	2,182,916
Contractual or donor-imposed restrictions	<u>(637,492)</u>	<u>(1,103,162)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,394,410</u>	<u>\$1,079,754</u>

The Society’s working capital and cash flows have seasonal variations during the year. As part of the Society’s liquidity management, it invests cash in excess of daily requirements in certificates of deposit and money market funds.

NOTE 9 – CONTINGENCY

The Society has received Federal and state grants. Entitlement to the resources is conditional upon compliance with the terms and conditions of the grant agreements and applicable regulations. Substantially all grants are subject to financial and compliance audits by the grantors.

AMERICAN LITTORAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 10 – EMPLOYEE RETENTION CREDIT AND REFUNDABLE ADVANCE

The CARES Act provides an employee retention credit (“CARES Employee Retention Credit”), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and expand the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit for 2021 is equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was increased to \$10,000 of qualified wages per quarter. The Society qualified for the tax credit under the CARES Act. During the year ended December 31, 2021, the Society recorded \$388,148 related to the CARES Employee Retention Credit.

In June 2022 the Society received a portion of the employee retention credit from the Internal Revenue Service, representing the refundable tax credit for the first quarter of 2021, in the amount of \$132,406 plus interest of \$4,669. In March 2023, the Society received a portion of the employee retention credit from the Internal Revenue Service, representing the refundable tax credit for the third quarter of 2021, in the amount of \$148,981 plus interest of \$9,134.

In accordance with FASB ASC 958-605, if an organization qualifies for the employee retention credit, income will be recorded at such time that the conditions to earn the credit are substantially met. The evaluation of whether all conditions are substantially met requires the use of judgement. The Society determined that the conditions for recognition have not yet been met with regard to the remaining credits for tax years 2020. Consequently, \$106,761 of the employee retention credit is included in grants receivable and as a refundable advance on the statement of financial position at December 31, 2023.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 25, 2024, the date on which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.