

# FINANCIAL STATEMENTS



**CHESAPEAKE BAY FOUNDATION**

*Saving a National Treasure*

**FOR THE YEAR ENDED JUNE 30, 2023  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2022**

**CHESAPEAKE BAY FOUNDATION, INC.**

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Chesapeake Bay Foundation, Inc.  
Annapolis, Maryland

#### Opinion

We have audited the accompanying financial statements of the Chesapeake Bay Foundation, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, and the change 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 and *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 the Foundation 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 the Foundation'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.

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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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Foundation'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 the Foundation'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.

### **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Information Included in the Foundation's Annual Report**

Management is responsible for the other information included in the Foundation's annual report. The annual report does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information contained in the report, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Summary of Conservation and Scenic Easements on page 32, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of the Foundation'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 the Foundation'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 the Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Gelman Rosenberg & Freedman". The signature is written in a cursive, flowing style.

December 18, 2023

## CHESAPEAKE BAY FOUNDATION, INC.

**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2023**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 20,201,369	\$ 19,849,111
Investments	65,594,695	64,006,090
Accounts receivable, net	899,724	874,450
Pledges receivable, net	8,751,764	10,563,478
Prepays, deposits and other assets	748,525	682,240
Right-of-use assets - financing leases, net	11,723	20,809
Right-of-use assets - operating leases, net	392,794	483,607
Property and equipment, net	<u>29,874,788</u>	<u>29,771,750</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 126,475,382</u></b>	<b><u>\$ 126,251,535</u></b>

**LIABILITIES AND NET ASSETS****LIABILITIES**

Line of credit	\$ 1,212,324	\$ -
Bonds payable	-	1,019,147
Accounts payable and accrued expenses	1,553,045	1,767,716
Deferred revenue	864,547	1,061,294
Liability under split interest agreements	589,052	641,702
Interest rate swap obligation	-	14,781
Financing lease liabilities	10,374	19,808
Operating lease liabilities	<u>410,663</u>	<u>498,450</u>
Total liabilities	<u>4,640,005</u>	<u>5,022,898</u>

**NET ASSETS**

Without donor restrictions	39,768,494	39,079,968
With donor restrictions	<u>82,066,883</u>	<u>82,148,669</u>
Total net assets	<u>121,835,377</u>	<u>121,228,637</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 126,475,382</u></b>	<b><u>\$ 126,251,535</u></b>

## CHESAPEAKE BAY FOUNDATION, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Grants and gifts	\$ 10,330,863	\$ 9,923,224	\$ 20,254,087	\$ 22,694,141
Membership contributions	5,852,270	-	5,852,270	6,156,937
Investment distribution	997,356	3,101,014	4,098,370	3,868,616
Other	1,881,446	5,000	1,886,446	1,196,292
Education contracts and tuition	1,039,177	-	1,039,177	258,810
Donated goods and services	239,952	-	239,952	298,101
Net assets released from donor restrictions	<u>14,443,232</u>	<u>(14,443,232)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>34,784,296</u>	<u>(1,413,994)</u>	<u>33,370,302</u>	<u>34,472,897</u>
<b>EXPENSES</b>				
Program Services:				
Environmental Education	7,643,091	-	7,643,091	7,048,792
Environmental Protection and Restoration	16,272,584	-	16,272,584	14,749,010
Strategic Communications	<u>3,253,291</u>	<u>-</u>	<u>3,253,291</u>	<u>3,309,331</u>
Total program services	<u>27,168,966</u>	<u>-</u>	<u>27,168,966</u>	<u>25,107,133</u>
Support Services:				
General and Administrative	3,021,430	-	3,021,430	2,670,411
Fundraising	<u>4,195,840</u>	<u>-</u>	<u>4,195,840</u>	<u>4,300,171</u>
Total support services	<u>7,217,270</u>	<u>-</u>	<u>7,217,270</u>	<u>6,970,582</u>
Total expenses	<u>34,386,236</u>	<u>-</u>	<u>34,386,236</u>	<u>32,077,715</u>
Change in net assets before capital additions	<u>398,060</u>	<u>(1,413,994)</u>	<u>(1,015,934)</u>	<u>2,395,182</u>
<b>CAPITAL ADDITIONS</b>				
Investment gain (loss) and distributions, net	325,209	1,330,729	1,655,938	(13,318,639)
Grants and gifts	-	1,479	1,479	2,204,580
Loss on sale of property and equipment	(49,524)	-	(49,524)	(983,289)
Unrealized gain on interest rate swap	-	-	-	74,685
Realized gain on interest rate swap	<u>14,781</u>	<u>-</u>	<u>14,781</u>	<u>-</u>
Total capital additions	<u>290,466</u>	<u>1,332,208</u>	<u>1,622,674</u>	<u>(12,022,663)</u>
Change in net assets	688,526	(81,786)	606,740	(9,627,481)
Net assets at beginning of year, as restated	<u>39,079,968</u>	<u>82,148,669</u>	<u>121,228,637</u>	<u>130,856,118</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 39,768,494</u></b>	<b><u>\$ 82,066,883</u></b>	<b><u>\$ 121,835,377</u></b>	<b><u>\$ 121,228,637</u></b>

See accompanying notes to financial statements.

**CHESAPEAKE BAY FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<b>2023</b>			
	<b>Program Services</b>			
	<b>Environmental Education</b>	<b>Environmental Protection and Restoration</b>	<b>Strategic Communications</b>	<b>Total Program Services</b>
Salaries	\$ 3,182,684	\$ 5,598,350	\$ 1,467,618	\$ 10,248,652
Fringe benefits	1,538,377	2,615,981	705,211	4,859,569
Supplies	266,337	2,991,145	41,788	3,299,270
Professional fees	241,990	745,141	276,989	1,264,120
Occupancy and utilities	886,719	700,883	99,208	1,686,810
Outside services	160,973	664,330	61,143	886,446
Equipment rental, leasing, repairs and maintenance	292,730	265,827	113,106	671,663
Postage and shipping	120,988	441,943	106,103	669,034
Printing	144,721	307,043	134,219	585,983
Insurance	252,670	159,051	18,344	430,065
Depreciation and amortization	189,377	242,797	24,537	456,711
Restoration fees	-	480,555	-	480,555
Travel	139,001	169,432	4,771	313,204
Meetings and seminars	120,259	93,916	24,826	239,001
Lease expense	33,859	223,890	377	258,126
Subrecipients	4,399	310,529	-	314,928
Miscellaneous	3,520	61,245	6,152	70,917
Donated goods and services	5,003	76,245	127,662	208,910
Banking and interest expense	8,667	28,727	6,654	44,048
Telephone	32,616	33,730	7,961	74,307
Publications and subscriptions	4,251	30,796	21,998	57,045
Membership and dues	5,505	19,659	1,633	26,797
Personnel recruitment	8,445	11,369	2,991	22,805
<b>TOTAL</b>	<b>\$ 7,643,091</b>	<b>\$ 16,272,584</b>	<b>\$ 3,253,291</b>	<b>\$ 27,168,966</b>

See accompanying notes to financial statements.



CHESAPEAKE BAY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023 (Continued)			2022	
	Support Services				
	General and Administrative	Fundraising	Total Support Services	Total Expenses	Total Expenses
Salaries	\$ 1,433,778	\$ 1,591,738	\$ 3,025,516	\$ 13,274,168	\$ 12,715,627
Fringe benefits	575,714	755,719	1,331,433	6,191,002	5,758,459
Supplies	37,556	52,061	89,617	3,388,887	2,079,913
Professional fees	156,300	543,746	700,046	1,964,166	2,339,828
Occupancy and utilities	66,111	62,868	128,979	1,815,789	2,021,382
Outside services	31,244	307,107	338,351	1,224,797	1,124,737
Equipment rental, leasing, repairs and maintenance	134,756	150,572	285,328	956,991	1,051,218
Postage and shipping	743	259,438	260,181	929,215	752,286
Printing	1,686	293,079	294,765	880,748	681,806
Insurance	43,072	26,373	69,445	499,510	486,431
Depreciation and amortization	40,087	(10,258)	29,829	486,540	693,141
Restoration fees	-	-	-	480,555	230,936
Travel	31,840	24,823	56,663	369,867	241,572
Meetings and seminars	53,313	61,311	114,624	353,625	259,844
Lease expense	51,599	7,971	59,570	317,696	250,368
Subrecipients	-	-	-	314,928	510,137
Miscellaneous	207,165	5,792	212,957	283,874	85,188
Donated goods and services	-	31,042	31,042	239,952	298,101
Banking and interest expense	134,886	5,411	140,297	184,345	233,339
Telephone	9,866	9,183	19,049	93,356	84,870
Publications and subscriptions	1,032	1,776	2,808	59,853	61,029
Membership and dues	3,808	11,853	15,661	42,458	64,017
Personnel recruitment	6,874	4,235	11,109	33,914	53,486
<b>TOTAL</b>	<b>\$ 3,021,430</b>	<b>\$ 4,195,840</b>	<b>\$ 7,217,270</b>	<b>\$ 34,386,236</b>	<b>\$ 32,077,715</b>

See accompanying notes to financial statements.

## CHESAPEAKE BAY FOUNDATION, INC.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 606,740	\$ (9,627,481)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	1,414,609	1,603,688
Unrealized gain on interest rate swap	-	(74,684)
Realized gain on interest rate swap	(14,781)	-
Loss on sale of property and equipment	49,524	983,289
Amortization of right-of-use asset financing	9,086	9,040
Amortization of right-of-use asset operating	209,267	178,945
Capital additions - permanently restricted contributions	(1,479)	(2,204,580)
Change in the discount of long-term pledges receivable	(44,314)	(50,975)
Change in allowance for doubtful accounts, pledges	(21,798)	(13,740)
Unrealized (gain) loss on investments	(2,531,290)	15,632,545
Realized gain on investments	(2,160,171)	(4,174,166)
Change in value of split interest agreements	28,390	(120,171)
(Decrease) increase in assets:		
Accounts receivable	(25,274)	104,771
Pledges receivable	1,877,826	1,465,049
Prepays, deposits and other assets	(66,285)	246,330
Decrease in liabilities:		
Accounts payable and accrued expenses	(214,671)	(461,836)
Deferred revenue	(196,747)	(420,818)
Liability under split interest agreements	(15,991)	(34,200)
Financing lease liability	(9,434)	(10,041)
Operating lease liability	<u>(206,241)</u>	<u>(164,102)</u>
Net cash (used) provided by operating activities	<u>(1,313,034)</u>	<u>2,866,863</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net sales of investments	3,102,856	792,665
Purchases of property and equipment	(1,555,515)	(1,462,930)
Proceeds from sale of property and equipment	<u>-</u>	<u>800</u>
Net cash provided (used) by investing activities	<u>1,547,341</u>	<u>(669,465)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital additions - permanently restricted contributions	1,479	2,204,580
Payments on bonds payable	(1,030,803)	(726,004)
Proceeds from line of credit	1,400,000	-
Payments on line of credit	(187,676)	-
Payments made on split interest agreements	<u>(65,049)</u>	<u>(71,740)</u>
Net cash provided by financing activities	<u>117,951</u>	<u>1,406,836</u>
Net increase in cash and cash equivalents	352,258	3,604,234
Cash and cash equivalents at beginning of year	<u>19,849,111</u>	<u>16,244,877</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 20,201,369</u></b>	<b><u>\$ 19,849,111</u></b>

CHESAPEAKE BAY FOUNDATION, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

SCHEDULE OF NONCASH TRANSACTIONS	<u>2023</u>	<u>2022</u>
Interest Paid	\$ <u>52,595</u>	\$ <u>79,465</u>
Right-of-Use Assets in Connection with Financing Leases	\$ <u>-</u>	\$ <u>29,849</u>
Right-of-Use Assets in Connection with Operating Leases	\$ <u>118,454</u>	\$ <u>662,552</u>
Financing Lease Liabilities	\$ <u>-</u>	\$ <u>29,849</u>
Operating Lease Liabilities	\$ <u>118,454</u>	\$ <u>662,552</u>

# CHESAPEAKE BAY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

#### Organization -

The Chesapeake Bay Foundation, Inc. (the Foundation) is a non-profit organization, incorporated in the State of Maryland in March 1966. Its principal sources of funds are contributions received directly from the public and grants received from individuals, foundations, governments, and corporations for environmental education, environmental protection, and land management and conservation programs relating to the Chesapeake Bay Region.

#### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions. Board Designated net assets represents Board endowments included in Note 17.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the Foundation mission and purpose. 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. Donor imposed restrictions are released when the 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. 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 without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

#### New accounting pronouncement adopted -

During the year ended June 30, 2023, the Foundation adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. The Foundation applied the new standard using the modified retrospective approach, applying Topic 842 as of the earliest period presented, June 30, 2022. The Foundation adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. As a result of implementing Topic 842, the Foundation recorded right-of-use assets and lease liabilities for financing leases in the amount of \$29,849, and right-of-use assets and lease liabilities for operating leases in the amount of \$662,552 for the year ended June 30, 2022. Additionally as a result of the implementation of Topic 842, the Foundation recorded an additional \$13,842 of lease expense for the year ended June 30, 2022. See Note 11 for further details.

CHESAPEAKE BAY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

New accounting pronouncement adopted (continued) -

	<b>AS OF</b> <b><u>JUNE 30, 2022</u></b>
Net assets without donor restrictions, as originally stated.	\$ 39,093,810
Additional expenses due to implementing ASU 2019-01	<u>(13,842)</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, AS RESTATED</b>	<b><u>\$ 39,079,968</u></b>

Cash and cash equivalents -

The Foundation considers all cash and other highly liquid investments, including certificates of deposit with maturities of three months or less to be cash equivalents. The total amount of cash and cash equivalents included in investment portfolios for the years ended June 30, 2023 and 2022 were \$4,370,115 and \$7,027,966, respectively. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

The Foundation invests in shares held in individual securities or investment funds which include bonds, stocks, investment trusts, money market funds held for investment purposes, and limited partnerships. Investment fund managers trade in various domestic and foreign financial markets, which carry a certain amount of risk of loss. Investments are stated at fair value based on quoted market prices at the reporting date, or in absence of such quoted market price, a reasonable estimate of fair value as approved by management. Unrealized and realized gains and losses are included in investment gain (loss), which is presented net of investment expenses paid to external investment advisors in the Statement of Activities and Change in Net Assets.

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Credit risk from financial instruments relates to the possibility that invested assets within a particular industry segment may experience loss due to market conditions. The Foundation has diversified its financial instruments to help ensure that no one industry segment represents a significant concentration of risk.

Although management uses its best judgment at estimating fair value of the underlying assets for its investments, there are inherent limitations in any valuation technique. Therefore, the value is not necessarily indicative of the amount that could be realized in a current transaction. Future events will also affect the estimates of fair value, and the effect of such events on the estimates of fair value could be material.

Financial instruments with off-balance sheet risk -

In the course of trading activities entered into by the Foundation's various investment fund managers, certain financial instruments with off-balance sheet risk were acquired in order to structure the portfolio transactions to economically match the investment objectives of the funds and to hedge market risk. The exposure to credit risk associated with non-performance of any of these types of financial instruments is typically limited to the value of such investments reported as assets in the Statement of Financial Position. These instruments are no longer held by the Foundation as of June 30, 2023, see Note 8 for further discussion.

**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Accounts and pledges receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Pledges receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and gifts revenue.

Conditional promises to give are not included as support until the conditions are substantially met. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer and donor.

Deferred financing costs -

Deferred financing costs represent bond issuance costs and other costs related to the acquisition of the Bay Ridge Facility (Note 7). Deferred financing costs are being amortized over the respective life of the bonds. Deferred financing costs are shown net of bonds payable on the accompanying Statement of Financial Position. The bond was paid off during the year ended June 30, 2023, and all financing costs were fully amortized.

Property and equipment -

Property and equipment are stated at acquisition cost or fair market value at the date of donation, less accumulated depreciation. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to thirty years. The Foundation has established \$5,000 as its threshold for capitalization.

Land is stated at acquisition cost, fair market value, or if fair market value is not available, at assessment value, at the date of donation. The land is used for educational, conservation, and operating purposes.

The cost of maintenance and repairs is recorded as expenses are incurred.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Statement of Activities and Change in Net Assets, to its current fair value.

Split interest agreements -

The Foundation is the beneficiary of several split interest agreements. The Foundation's interest in these split interest agreements is reported as a contribution in the year received at its net present value.

For the years ended June 30, 2023 and 2022, liabilities under split interest agreements totaled \$589,052 and \$641,702, respectively.

CHESAPEAKE BAY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

Revenue recognition -

Membership contributions, grants and gifts -

The majority of the Foundation's revenue is received through contributions as well as contracts and grants from the U.S. Government, organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of the individual contribution, grant and contract to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For membership contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Membership contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, the Foundation recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, the Foundation had approximately \$3,082,961 and \$2,725,579 in unrecognized conditional awards as of June 30, 2023 and 2022, respectively. There were no refundable advances as of June 30, 2023 and 2022.

Membership contributions, which are recognized upon receipt, consist of contributions designed to provide resources to support the general mission of the Foundation. Membership contributions include member benefits that are a series of distinct obligations. There are some benefits received that are individual distinct obligations such as *Save the Bay Magazine*, discounted rates to online store and on Bay Discovery trips; however, they are immaterial in nature to the contract and thus are included with the general member benefits.

Education contracts and tuition -

Contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers*, and are recorded as revenue at a point in time when the performance obligations are met. The Foundation has elected to opt out of all (or certain) disclosures not required for nonpublic entities.

CHESAPEAKE BAY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

Revenue recognition (continued) -

Education contracts and tuition (continued) -

The Foundation's education department is responsible for leading students, teachers, and adults in hands-on, on-the-water, environmental education experiences about the Bay, through various courses for students and educators throughout Maryland, Virginia, Pennsylvania, and the District of Columbia.

Revenue from education contracts and tuition are recognized at the time the event occurs. Revenue received in advance are recorded as deferred revenue within the Statement of Financial Position.

Deferred revenue consisted of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Carbon offsets	\$ 400,387	570,106
Events	349,775	312,475
Education and tuition	62,390	92,620
Other	<u>51,995</u>	<u>86,093</u>
<b>TOTAL DEFERRED REVENUE</b>	<b><u>\$ 864,547</u></b>	<b><u>\$ 1,061,294</u></b>

Donated goods and services -

Contributions of goods or services are recognized at their fair value when they are received if the goods or services either (a) create or enhance non-financial assets, or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated. These amounts are shown as revenue and expenses on the Statement of Activities and Change in Net Assets. In addition, volunteers have donated significant amounts of their time to the Foundation; these donated services would typically need to be purchased if not donated however they are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Income taxes -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is not a private foundation. The Foundation is required to report unrelated business income to the Internal Revenue Service and the appropriate state taxing authorities.

Uncertain tax positions -

For the years ended June 30, 2023 and 2022, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.



CHESAPEAKE BAY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair value measurement -

The Foundation applies the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Foundation are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of time and effort (such as salaries and benefits) as well as square footage (such as depreciation, office and occupancy) or other reasonable basis.

Joint costs -

For fiscal years 2023 and 2022, the Foundation incurred joint costs of \$2,987,161 and \$2,589,249, respectively, for educational materials, membership and support services. These costs were allocated as follows:

	<u>2023</u>	<u>2022</u>
Environmental Education	\$ 545,629	\$ 515,427
Environmental Protection and Restoration	1,161,455	1,078,497
Strategic Communications	232,228	241,987
Fundraising	<u>1,047,849</u>	<u>753,338</u>
<b>TOTAL JOINT COSTS INCURRED</b>	<b><u>\$ 2,987,161</u></b>	<b><u>\$ 2,589,249</u></b>

New accounting pronouncement (not yet adopted) -

ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.

CHESAPEAKE BAY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

New accounting pronouncement (not yet adopted) (continued) -

The ASU is effective for the Foundation for the year ending June 30, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Foundation plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. **INVESTMENTS**

At June 30, 2023 and 2022, investments at readily determinable fair values, consisted of the following:

	<u>2023</u>	<u>2022</u>
Equity securities	\$ 30,301,603	\$ 22,343,232
International equity securities	6,013	2,690,522
Partnerships/alternative investments	18,405,489	19,240,082
Corporate bonds and other agencies	8,891,990	9,085,055
U.S. Government obligations	5,088	4,836
Beneficial interest in perpetual trust	<u>3,614,397</u>	<u>3,614,397</u>
Sub-total investments	61,224,580	56,978,124
Cash and cash equivalents held by investment managers	<u>4,370,115</u>	<u>7,027,966</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 65,594,695</u></b>	<b><u>\$ 64,006,090</u></b>

Included in the investment balance at June 30, 2023 and 2022 are investments related to certain split-interest agreements in the amounts of \$867,502 and \$910,707, respectively.

The investment portfolio includes \$41,255,611 and \$41,157,408 of endowment investments and contributions invested in perpetuity at June 30, 2023 and 2022, respectively (see Note 17).

The Foundation follows the Uniform Prudent Management Institutional Funds Act (UPMIFA). As such, endowment earnings not yet authorized for spending are shown as net assets with donor restrictions. Deficiencies in any endowment funds are shown net of accumulated investment earnings and are included in net assets with donor restrictions.

It is the policy of the Foundation to spend on operations 5% of a twelve quarter trailing average of the sum of accumulated investments, including endowment fund investments. The percentage was temporarily increased to 5.5% during the year ended June 30, 2023. This amount is shown in the revenue section of the Statement of Activities and Change in Net Assets. Investment income that exceeds this target and all losses in a given year are considered non-operating items and are included in the capital additions section of the Statement of Activities and Change in Net Assets, as "Investment gain (loss) and distributions, net".

**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**2. INVESTMENTS (Continued)**

Net investment return for the years ended June 30, 2023 and 2022 consisted of the following:

	<b>2023</b>	<b>2022</b>
Interest and dividends	\$ 1,258,843	\$ 2,263,849
Investment fees	(195,996)	(255,493)
Unrealized gain (loss)	2,531,290	(15,632,545)
Realized gains	2,160,171	4,174,166
Total investment return	5,754,308	(9,450,023)
Less: Investment distribution for operations	(4,098,370)	(3,868,616)
<b>INVESTMENT GAIN (LOSS) AND DISTRIBUTIONS, NET</b>	<b>\$ 1,655,938</b>	<b>\$ (13,318,639)</b>

**3. ACCOUNTS RECEIVABLE**

Accounts receivable are stated at their carrying value, which approximates fair value, and are due within one year. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer. There was no allowance for doubtful accounts as of June 30, 2023 and 2022. Accounts receivable consisted of the following at June 30, 2023 and 2022, respectively:

	<b>2023</b>	<b>2022</b>
Federal and state receivables	\$ 637,303	\$ 658,131
Non-Federal receivables	262,421	216,319
<b>NET ACCOUNTS RECEIVABLE</b>	<b>\$ 899,724</b>	<b>\$ 874,450</b>

**4. PLEDGES RECEIVABLE**

As of June 30, 2023 and 2022, contributors to the Foundation have made written promises to give of which \$9,191,074 and \$11,068,900, respectively have yet to be collected. Pledges due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate ranging from 0.6% to 4.3%. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor.

Pledges are due as follows at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Less than one year	\$ 2,657,842	\$ 4,240,576
One to five years	2,582,500	2,477,592
Beyond five years	3,950,732	4,350,732
Total pledges	9,191,074	11,068,900
Less: Discount to net present value	(351,356)	(395,670)
Less: Allowance for doubtful accounts	(87,954)	(109,752)
<b>NET PLEDGES RECEIVABLE</b>	<b>\$ 8,751,764</b>	<b>\$ 10,563,478</b>

CHESAPEAKE BAY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 11,655,297	\$ 11,655,297
Building and improvements	30,533,795	30,301,744
Furniture and equipment	4,160,324	5,510,610
Boats	5,325,411	4,794,508
Vehicles	969,378	804,879
Construction in progress	493,968	489,638
Art	<u>75,154</u>	<u>17,000</u>
Total property and equipment	53,213,327	53,573,676
Less: Accumulated depreciation and amortization	<u>(23,338,539)</u>	<u>(23,801,926)</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<b><u>\$ 29,874,788</u></b>	<b><u>\$ 29,771,750</u></b>

The amount of property and equipment (at cost or fair market value at date of donation) that cannot be sold by the Foundation due to donor restrictions is \$8,155,524 at June 30, 2023 and 2022 (see Note 17). Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$1,402,953 and \$1,594,946, respectively. Of these amounts, \$928,069 and \$910,547 is included in occupancy expense, and \$474,884 and \$684,399 is included in depreciation and amortization expense in the accompanying Statement of Functional Expenses for the years ended June 30, 2023 and 2022, respectively. Included in depreciation and amortization expense on the accompanying Statement of Functional Expenses is the amortization of the Foundation's bond payable, see Note 7 for further discussion.

6. LINE OF CREDIT

The Foundation obtained a \$2,000,000 line of credit with Capital One, effective September 1, 2022 (the "Line of Credit"). The line of credit expires on December 31, 2023. Amounts borrowed under this agreement bear interest at the One Month Term Secured Overnight Financing Rate (6.7% at June 30, 2023). During the year ended June 30, 2023, the foundation drew \$1,400,000 on the line of credit, of which \$187,676 was repaid during the year. The outstanding balance was \$1,212,324 as of June 30, 2023.

7. BONDS PAYABLE

In December 2000, the Foundation moved into its U.S. Green Building Council LEED Platinum headquarters, a facility named the Philip Merrill Environmental Center (Merrill Center), which is widely recognized as one of the most environmentally innovative buildings in the world. The facility includes a two-story, 30,000 square foot "green" office building and common meeting centers for internal and external groups. Since moving into the Merrill Center, much of the site has been and continues to be restored with native plants.

During fiscal year 2014, the "Variable Rate Economic Development Revenue Bonds, Series 1998" which were used to finance the acquisition, construction and equipping a portion of the Merrill Center, were refinanced with the related bond sinking fund extinguished and capitalized costs fully amortized. As described further below, no amount of the 1998 Bonds was outstanding as of June 30, 2014.

**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**7. BONDS PAYABLE (Continued)**

On October 1, 2013, the Maryland Economic Development Corporation (MEDCO) issued an Economic Development Refunding Revenue Bond, The Chesapeake Bay Foundation Project, 2013 Series (the "2013 Series Bonds") in the amount of \$6,195,000 for the benefit of the Foundation. Proceeds of the 2013 Series Bonds were used to refinance MEDCO's outstanding 1998 Series Bonds, noted above.

The 2013 Series Bonds were purchased by Capital One Bank, N.A. ("Capital One"). Principal and interest on the 2013 Series Bonds was due monthly based on a mortgage style amortization structure. The final maturity date of the Series 2013 Bonds was October 1, 2023. Financing costs related to the issuance of the 2013 Series Bonds in the amount of \$87,420, were capitalized and are being amortized over the life of the bonds.

Amortization expense for the years ended June 30, 2023 and 2022 totaled \$11,656 and \$8,742, respectively, and is included in depreciation and amortization expense in the accompanying Statements of Functional Expenses. At June 30, 2022, accumulated amortization for the bond financing costs totaled \$75,764. During the year ended June 30, 2023, the remaining balance of the the bonds payable was paid off and financing costs were fully amortized.

As of June 30, 2022, the outstanding balance of the bond payable is as follows:

	<u>2022</u>
Bond principal payable	\$ 1,030,803
Less: Unamortized deferred financing costs	<u>(11,656)</u>
<b>NET BONDS PAYABLE</b>	<b><u>\$ 1,019,147</u></b>

The Foundation incurred interest expense on the bonds totaling \$52,595 and \$79,465 for the years ended June 30, 2023 and 2022, respectively, which is included in banking and interest within the Statement of Functional Expenses.

To mitigate the effect of fluctuations in interest rates, the Foundation has hedged these bonds using the interest rate swap agreement described in Note 8. The bond agreements, among other provisions, require the Foundation to meet certain financial ratio tests.

**8. INTEREST RATE SWAP**

The bonds discussed in Note 7 include interest payments based on the Securities Industry and Financial Markets Association ("SIFMA") Index, formerly the Bond Market Association (BMA). As a means to reduce its exposure to volatility in the variable rate index, the Foundation entered into certain interest rate swap agreements. The intention of the swap agreement is to synthetically fix the interest rate on the bonds.

The Foundation had an interest rate swap agreement (the "Wells Fargo Swap"), which was terminated on September 27, 2013, in connection with the issuance of the 2013 Series Bonds. The market value of the Wells Fargo Swap, at the time of termination, was embedded in the new Swap provided by Capital One Bank, N.A. (the "Capital One Swap").

**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**8. INTEREST RATE SWAP (Continued)**

Under the Capital One Swap, the Foundation pays a fixed rate of 4.52% and receives a floating rate equal to 78% of 1-Month LIBOR. The Capital One Swap hedges 100% of the outstanding amount of the 2013 Series Bonds and provides the Foundation with a synthetic fixed rate cost of capital through the maturity of the 2013 Series Bonds on October 1, 2023. For the year ended June 30, 2022, the outstanding notional amount of the Capital One Swap was \$1,030,803. As of June 30, 2022, the Capital One Swap had a negative fair value of \$14,781, which is reflected as a liability in the financial statements. During the year ended June 30, 2023 the Capital One Swap was terminated when the bond was paid off. At the time of termination the Foundation recognized a gain of \$14,781.

**9. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
<b>Program Restricted:</b>		
Environmental Education	\$ 373,281	\$ 291,558
Environmental Protection and Restoration	11,950,362	17,211,984
Property and Equipment	4,262,123	730,074
Other	101,330	108,309
Total program restricted	16,687,096	18,341,925
Time restricted	15,968,652	14,493,812
Perpetually restricted	49,411,135	49,312,932
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 82,066,883</b>	<b>\$ 82,148,669</b>

The Foundation is the recipient of several charitable remainder unitrusts that are administered by third parties. Under the terms of these trusts, payments of income are made from the trusts to the donors or other specified parties over the terms of the trusts.

Upon the termination of the trusts, the remaining net assets will be transferred to the Foundation for its general operations.

Accumulated investment earnings from perpetually restricted endowed funds included within net assets with donor restrictions as of June 30, 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
With purpose restrictions	\$ 6,991,881	\$ 6,355,473
Time restriction	4,357,625	3,779,526
<b>ACCUMULATED ENDOWMENT EARNINGS INCLUDED IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 11,349,506</b>	<b>\$ 10,134,999</b>

**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**9. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Net assets released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors or the passage of time as of June 30, 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
<b>Donor Restrictions:</b>		
Environmental Education	\$ 881,198	\$ 890,364
Environmental Protection and Restoration	9,681,028	6,938,192
Property and Equipment	426,121	395,908
Other	506,980	685,507
Total donor restrictions	11,495,327	8,909,971
<b>Time Restrictions:</b>		
Passage of Time	2,947,905	2,751,335
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>\$ 14,443,232</b>	<b>\$ 11,661,306</b>

Accumulated investment earnings released from net assets with donor restrictions as of June 30, 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
Purpose restrictions	\$ 2,010,676	\$ 1,805,020
Passage of time	1,104,738	975,580
<b>ACCUMULATED ENDOWMENT EARNINGS RELEASED FROM NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 3,115,414</b>	<b>\$ 2,780,600</b>

**10. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 20,201,369	\$ 19,849,111
Investments	65,594,695	64,006,090
Accounts receivable	899,724	874,450
Pledges receivable	8,751,764	10,563,478
Subtotal financial assets available within one year	95,447,552	95,293,129
Less: Donor restricted funds	(81,797,283)	(82,064,169)
Less: Board designated funds	(1,058,162)	(1,030,456)
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ 12,592,107</b>	<b>\$ 12,198,504</b>

The Foundation has a policy to structure its financial assets to be available and liquid as its obligations become due. The Foundation is substantially supported by restricted contributions.

**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**10. LIQUIDITY AND AVAILABILITY (Continued)**

Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. In the event of an unanticipated liquidity need, the Foundation also could draw upon approximately \$800,000 of available line of credit (as further discussed in Note 6).

**11. LEASE COMMITMENT**

**Operating Leases:**

The Foundation leases space in Richmond, Virginia. Under the terms of this lease that commenced on October 1, 2021 and terminates on December 31, 2026, the monthly rental payments are \$4,346, which escalate by approximately 3% per annum. The monthly rent was abated for the first three months of the lease.

The Foundation leases space in Harrisburg, Pennsylvania. Under the terms of this lease that commenced on January 15, 2019 and terminates on January 14, 2024, the monthly rent is \$7,747.

The Foundation leases space in Easton, Maryland. Under the terms of this lease that commenced on October 1, 2015 and terminates on September 30, 2025, the monthly rental payments are \$428, which escalate by approximately 3% per annum.

The Foundation leases space in Duncannon, Pennsylvania. Under the terms of this lease that commenced on April 1, 2018 and terminates on June 30, 2025, the monthly rental payments are \$2,100.

The Foundation leases space in Annapolis, Maryland. Under the terms of this lease that commenced on December 1, 2018 and terminates on November 30, 2024, the monthly rental payments are \$525.

The Foundation leases space in Edgewater, MD. Under the terms of this lease that commenced on June 1, 2022 and terminates on May 31, 2025, the monthly rental payments are \$4,333.

For leases entered into during the year ended June 30, 2023, the Foundation recorded right-of-use assets for the operating leases totaling \$118,454, and recorded operating lease liabilities in the amount of \$118,454. These amounts were determined by calculating the present value using the discount rates based on the risk-free rate, ranging from 0.09% to 1.24%. As of June 30, 2023, the weighted-average remaining lease term and discount rate for the operating leases is 2.5 years and 1.79%, respectively.

**Financing Leases:**

The Foundation has entered into two separate leases for telecommunication equipment. Under the terms of the leases, the Foundation is required to make aggregate monthly payments of \$675 through October 2024.

The Foundation recorded right-of-use assets for the financing leases totaling \$29,849 and financing lease liabilities in the amount of \$29,849 at July 1, 2021, the date of implementing the standard.



**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**11. LEASE COMMITMENT (Continued)**

The implementation date amounts were determined by calculating the present value using the discount rates based on the risk-free rate, ranging from 0.09% to 1.24%. As of June 30, 2023, the weighted-average remaining lease term and discount rate for the financing leases is 1.27 years and 0.47%, respectively. The following is a schedule of the future minimum lease payments under all leases:

<u>Year Ending June 30,</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2024	\$ 8,100	\$ 192,148
2025	2,333	139,475
2026	-	60,986
2027	-	30,132
	<u>10,433</u>	<u>422,741</u>
Less: Imputed interest	<u>(59)</u>	<u>(12,078)</u>
	<u><b>\$ 10,374</b></u>	<u><b>\$ 410,663</b></u>

For the years ended June 30, 2023 and 2022, lease expense totaled \$317,696 and \$250,368, respectively and is included in lease expense in the accompanying statement of functional expenses.

**12. DEFINED CONTRIBUTION RETIREMENT BENEFIT PLAN**

Retirement benefits are available for substantially all regular, full-time personnel, through direct payments by the Foundation to the Plan administrators. For these employees, the Foundation matches the employee's voluntary contribution up to four percent. For the years ended June 30, 2023 and 2022, the Foundation made contributions in the amounts of \$560,319 and \$498,675, respectively.

**13. RELATED PARTY**

For the years ended June 30, 2023 and 2022, the Foundation received gross contributions and grants in the amounts of \$5,777,566 and \$4,332,919, respectively, from Trustees and Executive Management. Net amounts due under pledges receivable from related parties totaled \$461,829 and \$2,490,770 as of June 30, 2023 and 2022, respectively.

**14. CONTINGENCIES**

The Foundation receives grants from various agencies of the United States Government.

For the fiscal year ended June 30, 2023, such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2023.

**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**14. CONTINGENCIES (Continued)**

Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Various lawsuits and other contingent liabilities arise in the ordinary course of the Foundation's activities. While the final outcome of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on the Foundation's financial statements.

**15. DONATED GOODS, SERVICES AND PROPERTY**

During the years ended June 30, 2023 and 2022, the Foundation was the beneficiary of donated goods and services, which allowed the Foundation to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the donated goods and services. If the donated value is greater than \$500, documentation from the donor is provided to support the fair market value estimate. Documentation used to support the value includes: a vendor invoice, letter signed by the donor attesting to the value, or a published catalog or web page with a similar item. For donated staff time as it relates to Federal or state grants and partner organizations, other organizations provide the Foundation with reporting from their accounting or tracking systems showing salary and fringe coded to the Foundation grants for which they are providing "match" assistance.

The following donations have been included in revenue and expense for the years ended June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Donated Goods	\$ 12,624	\$ 29,130
Warehouse Rental	-	24,075
Advertising	127,662	114,464
Staff Time	63,486	117,526
Other Services	36,180	12,906
<b>TOTAL DONATED GOODS, SERVICES AND PROPERTY</b>	<b>\$ 239,952</b>	<b>\$ 298,101</b>

The aforementioned contributions have been recorded in the following functional categories in the accompanying Statement of Functional Expenses:

	<b>2023</b>	<b>2022</b>
Environmental Education	\$ 5,003	\$ 15,774
Environmental Protection and Restoration	76,245	158,836
Strategic Communications	127,662	114,465
Fundraising	31,042	9,026
<b>TOTAL</b>	<b>\$ 239,952</b>	<b>\$ 298,101</b>

**16. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

CHESAPEAKE BAY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

16. FAIR VALUE MEASUREMENT (Continued)

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies or classifications used at June 30, 2023 and 2022.

- *Equity/International Equity* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Partnerships/Alternative Investments* - These instruments do not have a readily determinable fair value. Fair value for these instruments is measured using the net asset value per share practical expedient, in accordance with ASU 2015-07.
- *Corporate Bonds and Other Agencies* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Beneficial Interest in Perpetual Trust* - Valued at the present value of discounted cash flows of the trust investment value into perpetuity.
- *U.S. Government Obligations* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Cash and Cash Equivalents Held by Investment Managers* - Fair value is equal to the reported net asset value of the fund.
- *Interest Rate Swap Obligations* - Fair value is derived from quotes from a dealer or broker, where available. Models used in valuing such agreements consider the contractual terms of and specific risks inherent in the instrument, and inputs used typically include yield curve, instrument volatility, prepayment rates and assumptions concerning nonperformance risk.

The Foundation uses net asset value (NAV) per share, or its equivalent, as a practical expedient.

Certain alternative investments that are measured at fair value using NAV (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy; however, the fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Financial Position.

**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**16. FAIR VALUE MEASUREMENT (Continued)**

The table below summarizes, by level within the fair value hierarchy and those invested and measured at NAV for practical expedient as of June 30, 2023:

<b>Asset Class:</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 30,301,603	\$ -	\$ -	\$ 30,301,603
International equity securities	6,013	-	-	6,013
Corporate bonds and other agencies	8,891,990	-	-	8,891,990
Beneficial interest in perpetual trust	-	3,614,397	-	3,614,397
U.S. Government obligations	5,088	-	-	5,088
Cash and cash equivalents held by investment managers	<u>4,370,115</u>	<u>-</u>	<u>-</u>	<u>4,370,115</u>
Sub-total	43,574,809	3,614,397	-	47,189,206
Alternative investments measured at NAV, per practical expedient	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,405,489</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 43,574,809</u></b>	<b><u>\$ 3,614,397</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 65,594,695</u></b>

For the year ended June 30, 2023, there were no transfers between levels. Transfers between levels are recorded at the end of the reporting period, if applicable.

The table below summarizes, by level within the fair value hierarchy and those invested and measured at NAV for practical expedient as of June 30, 2022:

<b>Asset Class:</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 22,343,232	\$ -	\$ -	\$ 22,343,232
International equity securities	2,690,522	-	-	2,690,522
Corporate bonds and other agencies	9,085,055	-	-	9,085,055
Beneficial interest in perpetual trust	-	3,614,397	-	3,614,397
U.S. Government obligations	4,836	-	-	4,836
Cash and cash equivalents held by investment managers	<u>7,027,966</u>	<u>-</u>	<u>-</u>	<u>7,027,966</u>
Sub-total	41,151,611	3,614,397	-	44,766,008
Alternative investments measured at NAV, per practical expedient	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,240,082</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 41,151,611</u></b>	<b><u>\$ 3,614,397</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 64,006,090</u></b>
<b>Liability:</b>				
Interest Rate Swap Obligation	<u>\$ -</u>	<u>\$ 14,781</u>	<u>\$ -</u>	<u>\$ 14,781</u>

**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**16. FAIR VALUE MEASUREMENT (Continued)**

For the year ended June 30, 2022, there were no transfers between levels. Transfers between levels are recorded at the end of the reporting period, if applicable.

Under the terms of certain agreements for several alternative investments, the Foundation is obligated to remit additional funding periodically as capital calls are exercised. As of June 30, 2023 and 2022, the Foundation has uncalled commitments of \$2,184,069 and \$4,826,134, respectively.

Alternative investments are comprised of the following at June 30, 2023 and 2022:

<u>Investment Type</u>	<u>Net Asset Value</u>		<u>Uncalled Commitments</u>		<u>Liquidity</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	
Domestic/U.S. Limited Partnerships	\$ 1,975,273	\$ 1,169,096	\$ 1,219,467	\$ 3,169,727	None until dissolution or winding up of partnership.
Domestic/U.S. Limited Partnerships	96,194	73,470	-	-	100 days notice
Domestic/U.S. Limited Partnerships	<u>16,334,022</u>	<u>17,997,516</u>	<u>964,602</u>	<u>1,656,407</u>	Last day of each quarter.
<b>ALTERNATIVE INVESTMENTS</b>	<b><u>\$ 18,405,489</u></b>	<b><u>\$ 19,240,082</u></b>	<b><u>\$ 2,184,069</u></b>	<b><u>\$ 4,826,134</u></b>	

Following is a description of those alternative investments:

Domestic / US Limited Partnerships – Includes investments in both Global Equity Composite funds, such as small and large cap funds as well emerging markets and global core funds. Also includes Private Equity investments, which include both LBO and venture equity investments.

**17. ENDOWMENT**

The Foundation's endowment consists of donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Foundation to appropriate for expenditures or accumulate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Trustees. As a result of this interpretation, the Foundation has not changed the way net assets held in perpetuity are classified. See Note 1 for further information on net asset classification.

The remaining portion of the donor-restricted net assets is classified as accumulated endowment earnings included in net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA (see Note 9, total endowments funds classified as net assets with donor restrictions).

**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**17. ENDOWMENT (Continued)**

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- The investment policies of the organization.

Endowment net assets are invested in-perpetuity, the income of which is restricted to the following at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Environmental education	\$ 11,213,480	\$ 11,116,905
Environmental protection and restoration	13,905,647	13,905,647
Property and equipment	8,155,524	8,155,524
General operating	16,136,484	16,134,856
<b>ENDOWMENT NET ASSETS</b>	<b>\$ 49,411,135</b>	<b>\$ 49,312,932</b>

Endowment net assets consists of the following at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Investments	\$ 41,255,611	\$ 41,157,408
Property and equipment	8,155,524	8,155,524
<b>ENDOWMENT NET ASSETS</b>	<b>\$ 49,411,135</b>	<b>\$ 49,312,932</b>

Endowment net asset composition by type of fund as of June 30, 2023:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board Designated Endowment Funds	\$ 1,058,162	\$ -	\$ 1,058,162
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	49,411,135	49,411,135
Accumulated investment earnings	-	11,349,506	11,349,506
<b>TOTAL ENDOWMENT FUNDS</b>	<b>\$ 1,058,162</b>	<b>\$ 60,760,641</b>	<b>\$ 61,818,803</b>

**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**17. ENDOWMENT (Continued)**

Changes in endowment net assets for the year ended June 30, 2023:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 1,030,456	\$ 59,447,931	\$ 60,478,387
Investment income, net	89,139	4,426,645	4,515,784
Contributions	-	1,479	1,479
Appropriation of endowment assets for expenditure	<u>(61,433)</u>	<u>(3,115,414)</u>	<u>(3,176,847)</u>
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b><u>\$ 1,058,162</u></b>	<b><u>\$ 60,760,641</u></b>	<b><u>\$ 61,818,803</u></b>

Endowment net asset composition by type of fund as of June 30, 2022:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board Designated Endowment Funds	\$ 1,030,456	\$ -	\$ 1,030,456
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	49,312,932	49,312,932
Accumulated investment earnings	<u>-</u>	<u>10,134,999</u>	<u>10,134,999</u>
<b>TOTAL ENDOWMENT FUNDS</b>	<b><u>\$ 1,030,456</u></b>	<b><u>\$ 59,447,931</u></b>	<b><u>\$ 60,478,387</u></b>

Changes in endowment net assets for the year ended of June 30, 2022:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 1,251,627	\$ 67,421,382	\$ 68,673,009
Investment return, net	(165,418)	(7,397,430)	(7,562,848)
Contributions	-	2,204,579	2,204,579
Appropriation of endowment assets for expenditure	<u>(55,753)</u>	<u>(2,780,600)</u>	<u>(2,836,353)</u>
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b><u>\$ 1,030,456</u></b>	<b><u>\$ 59,447,931</u></b>	<b><u>\$ 60,478,387</u></b>

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. Deficiencies of this nature exist in donor-restricted endowment funds, which together have an original gift value of \$4,303,178 and \$4,143,955, and a deficiency of \$1,335,948 and \$1,358,366 as of June 30, 2023 and June 30, 2022, respectively.

**CHESAPEAKE BAY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**17. ENDOWMENT (Continued)**

Funds with Deficiencies (continued) -

These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions for donor-restricted endowment funds and continued appropriates for certain programs that was deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters -

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in-perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed a blended index of the Standard & Poor's 500 Index and the Barclays Aggregate Bond Index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based and partnerships/alternative investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Foundation has a policy of appropriating for distribution each year 5% of a twelve quarter trailing average of the sum of accumulated investments for each fund. The percentage was temporarily increased to 5.5% during the year ending June 30, 2023. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in-perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**18. SUBSEQUENT EVENTS**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 18, 2023, the date the financial statements were issued.



**SUPPLEMENTAL INFORMATION**

## CHESAPEAKE BAY FOUNDATION, INC.

**SUMMARY OF CONSERVATION AND SCENIC EASEMENTS  
FOR INFORMATION PURPOSES ONLY (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2023**

The Chesapeake Bay Foundation, Inc. (the Foundation) holds conservation and scenic easements on various properties in the Chesapeake Bay region that are designed to prohibit the property owner, his successor, heirs, or assignees from developing or altering the property in any way inconsistent with the easement. The Foundation has responsibility for enforcing the specific provisions of each easement, which are primarily obtained by donation. The following is a description of easements held at June 30, 2023.

**Maryland**

- Approximately 45 acres along the Tavern Creek in Kent County, Maryland
- Approximately 70 acres along the Southeast Creek in Queen Anne's County, Maryland
- Approximately 209 acres along the Pocomoke River in Somerset County, Maryland

**Virginia**

- Approximately 2 acres along the Pamunkey River in King William County, Virginia
- Approximately 32 acres along the Dragon Run in Middlesex County, Virginia
- Approximately 37 acres along the Jordan River in Rappahannock County, Virginia
- Approximately 39 acres along the Totuskey Creek in Richmond County, Virginia
- Approximately 72 acres near Piscataway Creek in King and Queen and Essex Counties, Virginia
- Approximately 72 acres along the Chesapeake Bay in Northumberland County, Virginia
- Approximately 94 acres along Barnes Creek in Northumberland County, Virginia
- Approximately 118 acres along Mountain Run in Orange County, Virginia
- Approximately 150 acres along Garden Creek and the Chesapeake Bay in Mathews County, Virginia\*

\* *This easement covers at least 140 acres and "likely substantially more" per the language in the survey included in the deed exhibits. The Foundation has chosen to use a round "150 acres" for this schedule.*