



**Financial Statements  
and Supplemental Information**

**Manomet, Inc.**

**September 30, 2019 and 2018**



**MANOMET, INC.**

***Financial Statements  
and Supplemental Information***

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## *Independent Auditors' Report*

The Board of Trustees and the Audit Committee  
Manomet, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Manomet, Inc. ("Manomet"), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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



### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manomet, Inc. as of September 30, 2019 and 2018, 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.

### ***Other Matters***

#### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, in 2019, Manomet adopted Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities, Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

#### ***Supplemental Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards 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 audits 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 information 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 February 13, 2020, on our consideration of Manomet’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Manomet’s internal control over financial reporting and compliance.

*Mayer Hoffman McCann P.C.*

February 13, 2020  
Providence, Rhode Island

**MANOMET, INC.**

*Statements of Financial Position*

	<i>September 30,</i>	
	<i>2019</i>	<i>2018</i>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,032,202	\$ 2,689,720
Accounts receivable, net	1,052,518	546,773
Pledges receivable, net	336,780	460,200
Investments	23,505,920	23,084,819
Split interest agreements	68,411	69,794
Other assets	14,907	5,427
Property and equipment, net	<u>973,840</u>	<u>1,028,075</u>
<b>Total assets</b>	<b><u>\$ 27,984,578</u></b>	<b><u>\$ 27,884,808</u></b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 273,789	\$ 355,427
Deferred revenue	<u>437,820</u>	<u>183,760</u>
<b>Total liabilities</b>	<b><u>711,609</u></b>	<b><u>539,187</u></b>
Net assets:		
Without donor restrictions	5,807,105	5,817,634
With donor restrictions	<u>21,465,864</u>	<u>21,527,987</u>
<b>Total net assets</b>	<b><u>27,272,969</u></b>	<b><u>27,345,621</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 27,984,578</u></b>	<b><u>\$ 27,884,808</u></b>

**MANOMET, INC.**

***Statement of Activities***

***Year Ended September 30, 2019***  
***(with comparative totals for 2018)***

	<b>2019</b>			<b>2018</b>
	<b><i>Without Donor Restrictions</i></b>	<b><i>With Donor Restrictions</i></b>	<b><i>Total</i></b>	<b><i>Total</i></b>
<b>Operating revenue and support:</b>				
Grants and contracts	\$ 1,408,024	\$ -	\$ 1,408,024	\$ 1,243,312
Contributions	913,649	-	913,649	788,257
Program fees	10,469	-	10,469	46,343
Interest	31,562	-	31,562	34,356
Amounts appropriated under endowment spending policy and spent for current operations	936,104	-	936,104	713,232
Amounts appropriated under endowment spending policy in prior periods and spent for current operations	92,480	-	92,480	37,857
Amounts earmarked in prior periods and spent for current operations	39,223	-	39,223	200,837
Net assets released from restrictions	1,580,188	-	1,580,188	1,649,687
	<b>5,011,699</b>	<b>-</b>	<b>5,011,699</b>	<b>4,713,881</b>
<b>Expenses:</b>				
Programs	3,554,792	-	3,554,792	3,352,849
Administration	1,224,295	-	1,224,295	1,221,255
Fundraising	231,692	-	231,692	139,168
	<b>5,010,779</b>	<b>-</b>	<b>5,010,779</b>	<b>4,713,272</b>
<b>Change in net assets from operations</b>	<b>920</b>	<b>-</b>	<b>920</b>	<b>609</b>
<b>Nonoperating activities:</b>				
Amounts appropriated under endowment spending policy reserved for future periods	(33,052)	-	(33,052)	(13,654)
Amounts earmarked in current period reserved for future periods	(32,798)		(32,798)	(114,871)
Investment return, net of spending policy	57,080	364,021	421,101	666,179
Gain on investments held in charitable remainder unitrusts	111	974	1,085	7,602
Contributions	(2,790)	1,091,452	1,088,662	1,948,200
Change in allowance and discount for pledges	-	61,618	61,618	(68,226)
Net assets released from restrictions	-	(1,580,188)	(1,580,188)	(1,649,687)
	<b>(11,449)</b>	<b>(62,123)</b>	<b>(73,572)</b>	<b>775,543</b>
<b>Change in net assets</b>	<b>(10,529)</b>	<b>(62,123)</b>	<b>(72,652)</b>	<b>776,152</b>
Net assets, beginning	5,817,634	21,527,987	27,345,621	26,569,469
<b>Net assets, ending</b>	<b>\$ 5,807,105</b>	<b>\$ 21,465,864</b>	<b>\$ 27,272,969</b>	<b>\$ 27,345,621</b>

See accompanying notes to the financial statements.

MANOMET, INC.

*Statement of Activities*

*Year Ended September 30, 2018*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<b>Operating revenue and support:</b>			
Grants and contracts	\$ 1,243,312	\$ -	\$ 1,243,312
Contributions	788,257	-	788,257
Program fees	46,343	-	46,343
Interest	34,356	-	34,356
Amounts appropriated under endowment spending policy and spent for current operations	713,232	-	713,232
Amounts appropriated under endowment spending policy in prior periods and spent for current operations	37,857	-	37,857
Amounts earmarked in prior periods and spent for current operations	200,837	-	200,837
Net assets released from restrictions	1,649,687	-	1,649,687
<b>Total operating revenue and support</b>	<b>4,713,881</b>	<b>-</b>	<b>4,713,881</b>
<b>Expenses:</b>			
Programs	3,352,849	-	3,352,849
Administration	1,221,255	-	1,221,255
Fundraising	139,168	-	139,168
<b>Total expenses</b>	<b>4,713,272</b>	<b>-</b>	<b>4,713,272</b>
<b>Change in net assets from operations</b>	<b>609</b>	<b>-</b>	<b>609</b>
<b>Nonoperating activities:</b>			
Amounts appropriated under endowment spending policy reserved for future periods	(13,654)	-	(13,654)
Amounts earmarked in current period reserved for future periods	(114,871)	-	(114,871)
Investment return, net of spending policy	90,313	575,866	666,179
Gain on investments held in charitable remainder unitrusts	3,911	3,691	7,602
Contributions	-	1,948,200	1,948,200
Change in allowance and discount for pledges	-	(68,226)	(68,226)
Net assets released from restrictions	-	(1,649,687)	(1,649,687)
<b>Total nonoperating activities</b>	<b>(34,301)</b>	<b>809,844</b>	<b>775,543</b>
<b>Change in net assets</b>	<b>(33,692)</b>	<b>809,844</b>	<b>776,152</b>
Net assets, beginning	5,851,326	20,718,143	26,569,469
<b>Net assets, ending</b>	<b>\$ 5,817,634</b>	<b>\$ 21,527,987</b>	<b>\$ 27,345,621</b>

See accompanying notes to the financial statements.

**MANOMET, INC.**

*Statements of Cash Flows*

	<i>Years Ended September 30,</i>	
	<i>2019</i>	<i>2018</i>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (72,652)	\$ 776,152
Adjustments to reconcile change in net assets to cash and cash equivalents used in operating activities:		
Depreciation	71,735	90,078
Contributions restricted for long-term investment	-	(2,600)
Net realized and unrealized gains	(1,267,733)	(1,381,652)
Changes in:		
Accounts receivable	(505,745)	327,285
Pledges receivable	123,420	(70,397)
Investments held in split interest agreements	1,383	(7,099)
Other assets	(9,480)	(2,100)
Accounts payable and accrued liabilities	(81,638)	(270,783)
Deferred revenue	254,060	(106,007)
	<u>(1,486,650)</u>	<u>(647,123)</u>
<b>Net cash used in operating activities</b>		
<b>Cash flows from investing activities:</b>		
Proceeds from sale and maturity of investments	846,632	715,474
Purchase of investments	-	(2,600)
Purchase of property and equipment	(17,500)	(38,450)
	<u>829,132</u>	<u>674,424</u>
<b>Net cash provided by investing activities</b>		
<b>Cash flows from financing activities:</b>		
Contributions restricted for long-term investment	-	2,600
	<u>-</u>	<u>2,600</u>
<b>Net cash provided by financing activities</b>		
<b>Change in cash and cash equivalents</b>	<b>(657,518)</b>	<b>29,901</b>
Cash and cash equivalents, beginning	<u>2,689,720</u>	<u>2,659,819</u>
<b>Cash and cash equivalents, ending</b>	<b>\$ <u>2,032,202</u></b>	<b>\$ <u>2,689,720</u></b>

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 1 – Organization*

Manomet, Inc. (“Manomet”) is a Massachusetts not-for-profit corporation established on September 13, 1968. Manomet is forging a pathway for our generation and those to come.

As a science-driven sustainability organization, Manomet believes people can live and work today in ways that will enable our world to thrive and prosper tomorrow. As scientists, Manomet understands we must take action to sustain our world. By applying science and engaging people, Manomet provides practical ways to act—where people live and work.

Manomet’s portfolio of work continues its long tradition of avian research and conservation, complemented by a vibrant and growing body of work with the for-profit sector, especially those sectors that affect large ecosystems like forestry, fisheries, retail, and agriculture.

Our approach of building trust with people and organizations with different perspectives is the secret ingredient that makes Manomet effective at achieving our mission of ‘applying science and engaging people to sustain our world.’ Through these relationships and partnerships, Manomet is systematically, methodically, growing participation to create change.

Manomet understands that drawing on different worldviews is how we solve complex problems that impact the world around us. Our partners are leading change to create a more sustainable world in the systems they manage: protecting habitat for migrating birds, creating new sustainable agricultural practices, reducing greenhouse gas emissions, safeguarding our air and water, and teaching children how the natural world is changing around them.

This is how just one organization can have such a large impact in creating a more sustainable world.

### *Note 2 – Summary of Significant Accounting Policies*

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

#### ***Financial Statement Preparation***

The accompanying financial statements have been prepared on the accrual basis and in accordance with the reporting principles of not-for-profit accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of grantor or donor-imposed restrictions. Accordingly, net assets of Manomet and changes therein are classified and reported as follows:

#### ***Net Assets without Donor Restrictions***

Net assets that are not subject to grantor or donor-imposed restrictions or for which restrictions have expired. Grants which are limited to the use of various Manomet programs are reflected as revenue without donor restrictions if these funds are received and spent during the same year and if they support the activities of Manomet. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 2 – Summary of Significant Accounting Policies (Continued)*

#### ***Financial Statement Preparation (Continued)***

##### ***Net Assets with Donor Restrictions***

Net assets subject to explicit or implicit grantor or donor-imposed restrictions. Some grantor or donor-imposed restrictions are temporary in nature that may or will be met either by actions of Manomet and/or the passage of time. Other grantor or donor-imposed restrictions are maintained permanently, but may permit Manomet to use or expend part or all of the economic benefits derived from the donated assets.

##### ***Cash and Cash Equivalents***

Cash and cash equivalents represent highly liquid debt instruments, bank deposits and other such accounts with original maturities of three months or less. Such accounts are carried at cost plus accrued interest. Certain of these accounts have limited deposit insurance, while others may exceed or not have such insurance.

##### ***Accounts Receivable and Bad Debts***

Included in accounts receivable at September 30, 2019 and 2018 is approximately \$536,000 and \$362,000 of unbilled amounts, respectively, which will be billed subsequent to year end. These amounts are predominantly Federal grants and contracts. Manomet uses the specific identification method for recognizing bad debts on accounts and pledges receivable. Manomet routinely assesses its accounts and pledges receivable and establishes an allowance for doubtful accounts based on historical losses, the existing economic conditions, and the financial stability of its customers and donors as well as the related government agencies. Manomet rarely has issues or problems with collection of amounts earned on grants and contracts given prior authorization of spending. There was no allowance for doubtful accounts receivable at September 30, 2019 and 2018 as Manomet believes that all receivables are collectible. Allowance for pledges receivable is approximately \$61,000 and \$66,000 at September 30, 2019 and 2018, respectively.

##### ***Investments***

Manomet records investments at their fair value. Fair value is determined as per the fair value policies described later in this section. The resulting change in unrealized gains and losses on the investments is reported in the statements of activities under net assets without donor restrictions or net assets with donor restrictions as applicable.

##### ***Pledges Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk-free rate of return as a starting point and then increasing that rate to account for the inherent risk associated with the expected future cash flows of these unconditional promises to give. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 2 – Summary of Significant Accounting Policies (Continued)*

#### ***Split Interest Agreements***

##### *Charitable Gift Annuity*

Manomet has a charitable gift annuity in which a donor contributed assets and received a promise of payments for life. The assets and obligations are initially recorded at fair value with the assets generally being at Level 1 and obligations measured at Level 2 per the fair value policy contained elsewhere in this section. The obligations are periodically updated to reflect changes in life expectancy using the same discount rate as when the gift was made and are included in accounts payable and accrued liabilities in the statements of financial position.

##### *Charitable Remainder Unitrust*

Manomet holds an asset for a charitable remainder unitrust agreement. The assets are recorded at the present value of the anticipated residual interest in the unitrust, which is generally determined using Level 3 methods.

#### ***Property and Equipment***

Property and equipment are recorded at cost when the useful life is over one year and when such amounts exceed a management established capitalization threshold. Donated property is recorded at fair value at the date of gift which would normally entail a Level 3 fair value assessment as per the fair value standards elsewhere in this section. Expenditures that significantly add to the productivity or extend the economic life of the assets are capitalized. Other expenditures for repairs and maintenance are charged to operations in the year the costs are incurred.

Depreciation is provided over the estimated useful lives of the respective assets on the straight-line basis. A summary of depreciable lives follows:

Buildings and improvements	5 - 40 years
Equipment, furniture and fixtures	3 - 10 years

#### ***Deferred Revenue***

Deferred revenue represents amounts received in advance of incurring expenses for particular exchange transaction activities involving research projects. Such amounts are recorded as revenue in the year expended by Manomet.

#### ***Operations***

The statements of activities report the change in net assets from operating and nonoperating activities. Nonoperating activities consist of: amounts appropriated under endowment spending policy reserved for future periods; investment return net of endowment spending; gains and losses on investments held in charitable remainder unitrusts; contributions without donor restrictions designated by the Board of Trustees as acting as endowment; contributions with donor restrictions; change in allowance and discount for pledges. In addition, net assets released from restrictions for capital outlays are reported in nonoperating activities at the time the assets are put into service. All other activities are reported as operating.

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 2 – Summary of Significant Accounting Policies (Continued)*

#### ***Revenue Recognition***

Revenues are reported as increases in net assets without donor restrictions as follows, unless their use is limited by donor-imposed restrictions:

Manomet derives revenues primarily through grants, contracts and contributions. Federal funds are principally from the Department of the Interior.

Revenue earned on grants for research is recognized as related costs are incurred. Revenue on contracts is recognized as value is transferred to customers which generally is indicated via the incurring of allowable costs under the contract.

Contributions, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in these policies. Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions when such time or purpose restriction has been satisfied. Gifts of property, plant and equipment are recorded as without donor restrictions unless the donor explicitly states how such assets should be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Manomet reports expirations of donor restrictions when the donated or acquired long-lived asset is placed into service. Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

Investment returns are reported as revenue based on the fair value of such investments at year end. Such returns are allocated ratably based on the relative proportion of funds invested with donor restrictions and those without donor restrictions. Investment returns allocated to net assets with donor restrictions remain in such category until appropriated under the board approved spending policy unless otherwise required by the terms of the gift that they be added to the principal of the endowment.

#### ***Grants and Contracts***

Manomet expends resources under government and private sector contracts and grants for specific purposes that are subject to review and audit by grantors or their representatives. Such audits could result in requests for reimbursement from the grantor if Manomet expenditures are disallowed. Management does not anticipate such an event. However, management believes that such requests for reimbursement, if made, would not have a significant impact on the financial position of Manomet. Revenue from cost reimbursement contracts and grants is recognized as related costs are incurred on the projects.

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 2 – Summary of Significant Accounting Policies (Continued)*

#### *Use of Estimates and Assumptions*

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Significant management estimates included in the financial statements relate to the allowance for accounts and pledges receivable, present value discount on pledges receivable, useful lives of depreciable assets, valuation of interests in and obligations under split interest agreements and validity and completeness of satisfaction of donor restrictions.

#### *Fair Value Measurements*

Manomet reports certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Recurring fair value measures include Manomet's investment accounts. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require Manomet to classify financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique.

The fair value standards require that for each item carried at fair value that such be disclosed in accordance with the valuation methods used which fall into three categories (but for those items valued at NAV) as follows:

- Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that Manomet has the ability to access at measurement date.
- Level 2 – inputs are other than quoted prices included in Level 1 that are either directly or indirectly observable.
- Level 3 – inputs are derived from valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market, exchange, dealer, or broker-traded transactions. In addition, Level 3 valuations incorporate assumptions and projections that are not observable in the market and significant professional judgment is required in determining the fair value assigned to such assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of input that is significant to the fair value measurement in its entirety.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of Manomet's financial instruments, see Note 6 – Investments and Fair Values of Financial Instruments.

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 2 – Summary of Significant Accounting Policies (Continued)*

#### ***Income Tax Status***

Manomet, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from Massachusetts income tax. Accordingly, no provision for income taxes is made in the financial statements. Given the limited taxable activities of Manomet, management has concluded that disclosure relative to tax provisions is not necessary.

#### ***Uncertain Tax Positions***

Manomet accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. Manomet has identified its tax status as a tax exempt entity its only significant tax position; however, Manomet has determined that such tax position does not result in an uncertainty requiring recognition. Manomet is not currently under examination by any taxing jurisdiction. Manomet’s Federal and state tax returns are generally open for examination for three years following the date filed.

#### ***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated to fundraising based on relative effort exerted for the function.

Expenses are reported as decreases in net assets without donor restrictions. The statement of activities presents expenses by functional classification. Building operations and maintenance costs, including depreciation, are allocated based on square footage.

#### ***New Accounting Pronouncements***

In 2019, Manomet adopted Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities, Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Manomet has adjusted the presentation to all periods presented, however such reclassification had no effect on changes in net assets.

#### ***Reclassifications***

Certain amounts from the prior year’s financial statements were reclassified in order to conform to the current year’s financial statement presentation.

#### ***Subsequent Events***

Manomet has evaluated subsequent events through February 13, 2020, the date the financial statements were approved and authorized to be issued.

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 3 – Liquidity and Availability*

Manomet strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects Manomet's financial assets as of September 30, 2019 and the amounts of those financial assets available within one year of the balance sheet date to meet general expenditures. Amounts not available include certain board-designated funds that are intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

Financial assets at year end:	
Cash and cash equivalents	\$ 2,032,202
Accounts receivable, net	1,052,518
Pledge receivable, net	336,780
Investments	23,505,920
Split interest agreements	<u>68,411</u>
<b>Total financial assets at year end</b>	<b>\$ <u><u>26,995,831</u></u></b>
Financial assets available to meet general expenditures over the next 12 months:	
Cash and cash equivalents	\$ 2,032,202
Accounts receivable due in one year or less	1,052,518
Pledges for general expenditure due in one year or less	216,179
Endowment appropriation	<u>998,000</u>
<b>Total financial assets available to meet general expenditures over the next 12 months</b>	<b>\$ <u><u>4,298,899</u></u></b>

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 4 – Pledges Receivable*

Pledges receivable are comprised of the following at September 30:

	<b>2019</b>	<b>2018</b>
Amounts due in:		
One year or less	\$ 222,865	\$ 189,596
One to five years	<u>130,000</u>	<u>358,308</u>
<b>Total due</b>	<b>352,865</b>	<b>547,904</b>
Less: Present value discount	(5,669)	(21,925)
Allowance for doubtful accounts	<u>(10,416)</u>	<u>(65,779)</u>
<b>Pledges receivable, net</b>	<b>\$ <u>336,780</u></b>	<b>\$ <u>460,200</u></b>

Pledges receivable are discounted at a rate of 4.56% and 4.58% in 2019 and 2018, respectively.

### *Note 5 – Property and Equipment*

Property and equipment are comprised of the following at September 30:

	<b>2019</b>	<b>2018</b>
Land	\$ 375,113	\$ 375,113
Buildings and improvements	2,439,044	2,421,544
Equipment, furniture and fixtures	<u>591,268</u>	<u>591,268</u>
	<b>3,405,425</b>	<b>3,387,925</b>
Less accumulated depreciation	<u>(2,431,585)</u>	<u>(2,359,850)</u>
<b>Property and equipment, net</b>	<b>\$ <u>973,840</u></b>	<b>\$ <u>1,028,075</u></b>

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 6 – Investments and Fair Values of Financial Instruments*

The composition of investments, all of which are considered Level 1 using the fair value hierarchy, is as follows at September 30:

	<i>2019</i>	<i>2018</i>
Cash and cash equivalents	\$ <u>1,690,649</u>	\$ <u>2,221,292</u>
Equities:		
Domestic equities	11,139,713	10,980,804
International equities	<u>4,873,624</u>	<u>4,611,938</u>
Total equities	<u>16,013,337</u>	<u>15,592,742</u>
Fixed income funds:		
Intermediate funds	<u>3,945,315</u>	<u>3,733,473</u>
Other:		
Diversifying strategies	<u>1,856,619</u>	<u>1,537,312</u>
<b>Investments</b>	<b>\$ <u><u>23,505,920</u></u></b>	<b>\$ <u><u>23,084,819</u></u></b>

Manomet engages four professional asset management firms to oversee its portfolio, and an independent Advisor to assist the Investment Committee in making manager selection and asset allocation decisions. All investments are in diversified mutual funds, fixed income mutual funds, or mutual fund-style investments. All of Manomet's investments are priced daily and offer daily liquidity.

Management fees totaled approximately \$53,000 and \$58,000 for the years ended September 30, 2019 and 2018, respectively. Expenses and fees associated with mutual funds are netted against the return of such funds.

The investments held in split interest agreements of \$68,411 and \$69,794 at September 30, 2019 and 2018, respectively, are included in other assets in the statements of financial position. The corresponding liability for the split interest agreements of \$21,381 and \$23,849 at September 30, 2019 and 2018, respectively, are included in accounts payable and accrued liabilities in the statements of financial position. Both the asset and liability for split interest agreements are considered Level 2 per the fair value hierarchy.

**MANOMET, INC.**

*Notes to Financial Statements*

*Note 7 – Net Assets and Endowment Matters*

*Net Assets with Donor Restrictions*

Net assets with donor restrictions are comprised of the following at September 30:

	<b>2019</b>	<b>2018</b>
Purpose restricted of a temporary nature:		
Unitrust	\$ 22,827	\$ 21,853
Programs	1,119,381	1,546,499
Accumulated unspent investment income	4,251,827	3,887,806
Research initiatives	15,074,973	15,074,973
General endowment	<u>996,856</u>	<u>996,856</u>
<b>Total</b>	<b><u>\$ 21,465,864</u></b>	<b><u>\$ 21,527,987</u></b>

*Net Assets Released from Restrictions*

Net assets were released from donor restrictions by incurring expenses satisfying the restricted programs purpose. All net assets released were for program purposes.

*Endowment Assets and Those Functioning as Endowment Assets*

The following is the composition of endowment assets and those functioning as endowment assets by net asset class as of September 30, 2019:

	<i>Net Assets without Donor Restrictions</i>	<i>Net Assets with Donor Restrictions</i>	<i>Total</i>
Accumulated unspent investment income	\$ -	\$ 4,251,827	\$ 4,251,827
Donor-restricted endowment funds to be maintained in perpetuity	-	16,067,893	16,067,893
Board-designated endowment funds	<u>3,186,200</u>	<u>-</u>	<u>3,186,200</u>
	<b><u>\$ 3,186,200</u></b>	<b><u>\$ 20,319,720</u></b>	<b><u>\$ 23,505,920</u></b>

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 7 – Net Assets and Endowment Matters (Continued)*

#### ***Endowment Assets and Those Functioning as Endowment Assets (Continued)***

The following is the composition of endowment assets and those functioning as endowment assets by net asset class as of September 30, 2018:

	<i>Net Assets without Donor Restrictions</i>	<i>Net Assets with Donor Restrictions</i>	<i>Total</i>
Accumulated unspent investment income	\$ -	\$ 3,887,806	\$ 3,887,806
Donor-restricted endowment funds to be maintained in perpetuity	-	16,067,893	16,067,893
Board-designated endowment funds	<u>3,129,120</u>	<u>-</u>	<u>3,129,120</u>
	<b><u>\$ 3,129,120</u></b>	<b><u>\$ 19,955,699</u></b>	<b><u>\$ 23,084,819</u></b>

The following represents required disclosure relative to the composition of endowment assets and those functioning as endowment assets at September 30, 2019:

	<i>Net Assets without Donor Restrictions</i>	<i>Net Assets with Donor Restrictions</i>	<i>Total</i>
Endowment assets and those functioning as endowment assets, beginning of year	<u>\$ 3,129,120</u>	<u>\$ 19,955,699</u>	<u>\$ 23,084,819</u>
Gifts and additions	<u>-</u>	<u>-</u>	<u>-</u>
Investment returns:			
Interest and dividends, net of management fees	21,054	134,271	155,325
Net realized and unrealized gains	<u>171,841</u>	<u>1,095,892</u>	<u>1,267,733</u>
Total investment returns	<u>192,895</u>	<u>1,230,163</u>	<u>1,423,058</u>
Expenditures:			
Amounts appropriated under endowment spending policy and spent for current operations	(126,889)	(809,215)	(936,104)
Amounts appropriated under endowment spending policy previously reserved and spent	(17,852)	(113,851)	(131,703)
Amounts appropriated under endowment spending policy and reserved for use in a future period	<u>8,926</u>	<u>56,924</u>	<u>65,850</u>
Total expenditures	<u>(135,815)</u>	<u>(866,142)</u>	<u>(1,001,957)</u>
Net investment returns and expenditures	<u>57,080</u>	<u>364,021</u>	<u>421,101</u>
<b>Endowment assets and those functioning as endowment assets, end of year</b>	<b><u>\$ 3,186,200</u></b>	<b><u>\$ 20,319,720</u></b>	<b><u>\$ 23,505,920</u></b>

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 7 – Net Assets and Endowment Matters (Continued)*

#### ***Endowment Assets and Those Functioning as Endowment Assets (Continued)***

The following represents required disclosure relative to the composition of endowment assets and those functioning as endowment assets at September 30, 2018:

	<i>Net Assets without Donor Restrictions</i>	<i>Net Assets with Donor Restrictions</i>	<i>Total</i>
Endowment assets and those functioning as endowment assets, beginning of year	\$ 3,038,808	\$ 19,377,233	\$ 22,416,041
Gifts and additions	-	2,600	2,600
Investment returns:			
Interest and dividends, net of management fees	17,120	109,163	126,283
Net realized and unrealized gains	187,308	1,194,344	1,381,652
Total investment returns	<u>204,428</u>	<u>1,303,507</u>	<u>1,507,935</u>
Expenditures:			
Amounts appropriated under endowment spending policy and spent for current operations	(96,692)	(616,540)	(713,232)
Amounts appropriated under endowment spending policy previously reserved and spent	(32,359)	(206,335)	(238,694)
Amounts appropriated under endowment spending policy and reserved for use in a future period	14,935	95,234	110,169
Total expenditures	<u>(114,116)</u>	<u>(727,641)</u>	<u>(841,757)</u>
Net investment returns and expenditures	<u>90,312</u>	<u>575,866</u>	<u>666,178</u>
<b>Endowment assets and those functioning as endowment assets, end of year</b>	<b><u>\$ 3,129,120</u></b>	<b><u>\$ 19,955,699</u></b>	<b><u>\$ 23,084,819</u></b>

#### ***Endowment***

Manomet's endowment consists of 29 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Bequests over \$50,000 are added to Board-designated endowment funds. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 7 – Net Assets and Endowment Matters (Continued)*

#### ***Interpretation of Relevant Law and Spending Policy***

Manomet follows the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as adopted in Massachusetts. Accordingly, Manomet classifies as permanent endowment: (a) the original value of gifts donated, (b) the original gift value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the with donor restrictions endowment fund that is not classified as such is classified as temporary endowment until those amounts are appropriated for expenditure by Manomet in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Manomet considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of Manomet and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Manomet
- (7) The investment policies of Manomet

The Board of Trustees has established a maximum spending rate of four and one half percent of the net assets without donor restriction and net assets with donor restriction endowment funds. The computation for spending is generally based on a twelve-quarter trailing market value unless donors provide for earlier inclusion of their gift in the spending computation. This policy is designed to preserve the principal of the endowment fund, allow for capital appreciation to meet or exceed inflation and to generate reasonable operating income.

In addition, the Board of Trustees may approve additional spending from net assets without donor restriction endowment funds to be used for certain program capacity building initiatives. No such amounts were expended for the years ended September 30, 2019 and 2018.

For the fiscal year ended 2019, the Board of Trustees has designated only a portion of Manomet’s Board-designated endowment funds for support of current operations. The distributions from the individual Board-designated endowment funds and the individual donor-restricted endowment funds are budgeted to total approximately \$998,000 for the year ending September 30, 2020. However, the Board retains the discretion to modify its spending or transfer additional Board-designated endowment funds for other purposes beyond the originally budgeted amount of spending.

Manomet has a policy whereby Board-designated endowment amounts that are appropriated under the spending policy, as described above, and not spent in the current year are carried forward to future years to be spent. These amounts are reported as nonoperating activities in the Statement of Activities and were \$33,052 and \$13,654 for the years ended September 30, 2019 and 2018, respectively. In future years when amounts are spent for current operations this activity is reported in operating revenue and support in the Statement of Activities and were \$92,480 and \$37,857 for the years ended September 30, 2019 and 2018, respectively.

# MANOMET, INC.

## Notes to Financial Statements

### Note 7 – Net Assets and Endowment Matters (Continued)

#### *Interpretation of Relevant Law and Spending Policy (Continued)*

Manomet also has a policy whereby non-endowment related surpluses in net assets without donor restrictions are earmarked in the current period and reserved to be spent in future periods. These amounts are reported as nonoperating activities in the Statement of Activities and were \$32,798 and \$114,871 for the years ended September 31, 2019 and 2018, respectively. In future years when amounts are spent for current operations this activity is reported in operating revenue and support in the Statement of Activities and were \$39,223 and \$200,837 for the years ended September 30, 2019 and 2018, respectively.

Following is a summary of activity for the years ended September 30:

	<i>2019</i>	<i>2018</i>
Balance, beginning of year	\$ 239,071	\$ 349,240
New amounts		
Endowment funds	33,052	13,654
Board-designated non-endowment funds	32,798	114,871
Spent amounts		
Endowment funds	(92,480)	(37,857)
Board-designated non-endowment funds	<u>(39,223)</u>	<u>(200,837)</u>
Balance, end of year	<u>\$ 173,218</u>	<u>\$ 239,071</u>

#### *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 requires Manomet to retain as a fund of perpetual duration. In accordance with accounting standards, deficiencies of this nature are reported in net assets without donor restrictions. There were no funds with deficiencies at September 30, 2019 and 2018.

#### *Return Objectives and Risk Parameters*

Manomet's investment portfolio is managed to provide for the long-term support of Manomet. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed-upon levels of risk. It is the goal of the aggregate long-term investments to generate a long-term target rate of return of at least 7.5%.

#### *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, Manomet 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). Manomet targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, Manomet seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 8 – Natural Classification of Expenses*

Expenses presented by natural classification and function are as follows for the years ended September 30:

	<b>2019</b>					
	<i>Conservation Programs</i>	<i>Sustainability Programs</i>	<i>Total Programs</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
Salaries and benefits	\$ 1,090,222	\$ 1,001,954	\$ 2,092,176	\$ 881,841	\$ 182,700	\$ 3,156,717
Contractual services	821,385	90,645	912,030	161,923	10,250	1,084,203
Travel and meetings	165,913	96,328	262,241	28,314	18,000	308,555
Printing and postage	15,098	9,717	24,815	5,800	9,960	40,575
Equipment and supplies	180,214	83,316	263,530	146,417	10,782	420,729
	<b>\$ 2,272,832</b>	<b>\$ 1,281,960</b>	<b>\$ 3,554,792</b>	<b>\$ 1,224,295</b>	<b>\$ 231,692</b>	<b>\$ 5,010,779</b>

  

	<b>2018</b>					
	<i>Conservation Programs</i>	<i>Sustainability Programs</i>	<i>Total Programs</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
Salaries and benefits	\$ 1,024,054	\$ 1,020,168	\$ 2,044,222	\$ 839,666	\$ 117,619	\$ 3,001,507
Contractual services	573,652	97,322	670,974	183,665	10,155	864,794
Travel and meetings	260,126	92,228	352,354	26,737	644	379,735
Printing and postage	13,844	9,588	23,432	4,189	6,914	34,535
Equipment and supplies	182,246	79,621	261,867	166,998	3,836	432,701
	<b>\$ 2,053,922</b>	<b>\$ 1,298,927</b>	<b>\$ 3,352,849</b>	<b>\$ 1,221,255</b>	<b>\$ 139,168</b>	<b>\$ 4,713,272</b>

### *Note 9 – Retirement Plan*

Manomet has a qualified 403(b) defined contribution retirement plan for all eligible employees. Employee participants may elect to defer a portion of their compensation subject to Internal Revenue Service limitations. Manomet contributes between four and six percent of current year salary for eligible employees. Additional contributions to the plan are at the discretion of the Board of Trustees but may not exceed the maximum amount permitted under the Internal Revenue Code. Manomet's contributions to the plan were \$115,390 and \$112,540 for the years ended September 30, 2019 and 2018, respectively.

### *Note 10 – Concentration of Credit Risk*

Manomet maintains its cash and cash equivalents accounts at various financial institutions which may, at times, exceed federally insured limits. Manomet has not experienced any losses in such accounts. Financial instruments, which potentially subject Manomet to concentration of credit risk, consist principally of accounts receivable. Credit risk with receivables is concentrated among Federal agencies.

# MANOMET, INC.

## *Notes to Financial Statements*

### *Note 11 – Commitments*

Manomet leases office space and equipment under several lease agreements, which expire at dates through September 2023. Minimum future rental payments under the non-cancelable operating leases for each of the remaining years and in the aggregate are:

<i>Year Ending September 30,</i>	
2020	\$ 49,034
2021	39,626
2022	5,616
2023	<u>5,616</u>
<b>Total minimum lease payments</b>	<b>\$ <u><u>99,892</u></u></b>

Rent expense was \$48,767 and \$48,142 for the years ended September 30, 2019 and 2018, respectively.

### *Note 12 – Volunteer Services*

Many individuals volunteer their time and perform a variety of tasks that assist in Manomet's mission, but these services do not meet the criteria for recognition as contributed services. Manomet receives more than approximately 1,500 volunteer hours per year.

*Supplemental Information*

MANOMET, INC.

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2019

<i>Federal Grantor/Pass-through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Federal Expenditures</i>
<b>Research and Development Cluster:</b>				
<b>Department of Interior</b>				
Fish and Wildlife Service Direct Programs				
Atlantic Flyway Shorebird Initiative	15.655		\$ -	\$ 3,569
Arctic Migratory Birds Initiative (AMBI) Administration Assistance	15.655		-	18,022
Development of Shorebird Friendly Aquaculture Practices in the Gulf of Fonseca Region	15.664		-	27,560
Advancing AFSI Through National Plans and New Capacity	15.635		-	51,038
Arctic Shorebird Tracking - NMBCA	15.635		3,400	69,360
South America Shorebird Surveys - NMBCA	15.635		-	102,637
Total Fish and Wildlife Service Direct Programs			<u>3,400</u>	<u>272,186</u>
Passed through from National Fish and Wildlife Foundation				
American Oystercatcher Recovery VII	15.663	0101.17.055380	18,039	87,317
Coastal Habitat Restoration for American Oystercatcher - Management	15.663	0801.17.059168	15,764	74,703
Coastal Habitat Restoration for American Oystercatcher - Habitat	15.663	0801.17.059168	-	43,225
Passed through from SAVE Brasil				
Conservation of Buff-breasted Sandpiper in South America	15.635	NMBCA 6323	-	7,431
Total Fish and Wildlife Service Pass-through Programs			<u>33,803</u>	<u>212,676</u>
<b>Total Department of Interior</b>				
			<u>37,203</u>	<u>484,862</u>
<b>Environmental Protection Agency Direct Programs</b>				
Grocer Slam Region 1				
Supermarket Sustainability Training & Assessments Region 6	66.110		-	7,635
Supermarket Sustainability Training & Assessments Region 8	66.717		-	43,146
Supermarket Sustainability Training & Assessments Region 9	66.717		-	43,166
Supermarket Sustainability Training & Assessments Region 9	66.717		-	2,348
Total Environmental Protection Agency Direct Programs			<u>-</u>	<u>96,295</u>
Passed through from USM				
Environmental Performance Measures for the Maine Craft Beverage Industry	66.708	MS6482250	-	1,126
Passed through from SRPEDD				
Regional Planning and Training on Municipal Tools for Resilient Watersheds - Lakeville/Rochester	66.RD		-	5,161
Regional Planning and Training on Municipal Tools for Resilient Watersheds - Norton/Mansfield	66.RD		-	6,382
Regional Planning and Training on Municipal Tools for Resilient Watersheds - Estuaries	66.RD		-	9,764
Regional Planning and Training on Municipal Tools for Resilient Watersheds - Easton	66.RD		-	2,858
Regional Planning and Training on Municipal Tools for Resilient Watersheds - Freetown	66.RD		-	2,250
Total Environmental Protection Agency Pass-through Programs			<u>-</u>	<u>27,541</u>
<b>Total Environmental Protection Agency</b>				
			<u>37,203</u>	<u>123,836</u>
<b>Department of Commerce Direct Programs</b>				
NOAA Department of Commerce Direct Programs				
Investigating the Viability of a Soft-shell Green Crab Industry in New England	11.427		-	98,104
Total NOAA Department of Commerce Direct Programs			<u>-</u>	<u>98,104</u>
Passed through from Northeastern University				
Ecological and Socioeconomic impacts of Black Sea Bass	11.417	505159-78050	-	2,925
Passed through from University of Maine - SeaGrant				
Exploring community-based collaborative research regarding diadromous fish population dynamics	11.417	NA18OAR4170103	-	1,000
Investigating the Viability of Quahog and Oyster Polyculture in Maine	11.417		-	4,856
Total Department of Commerce			<u>-</u>	<u>106,885</u>
<b>Department of Agriculture Direct Programs</b>				
Forest Service Direct Programs				
Wings Across the Americas	10.684		-	72,564
Wings Across the Americas	10.684		-	854
Rural Business Development Grants Direct Programs				
Grocery Sustainability in Rural Maine	10.351		-	30,000
Total Department of Agriculture Direct Programs			<u>-</u>	<u>103,418</u>
Passed through from NMSU				
Grocery Sustainability in Rural New Mexico	10.351	188-249	-	8,000
Passed through from University of Vermont (SARE)				
Expanding quahog and oyster polyculture in Maine	11.417	ONE19-341-33243	-	3,939
Passed through from SEMPBA				
Green Infrastructure and Conservation Priorities Assessment	10.664	17-DG-1142004-249	-	8,581
Total Department of Agriculture			<u>-</u>	<u>123,938</u>
<b>Total Expenditures of Federal Awards and Research and Development Cluster</b>			<u>\$ 37,203</u>	<u>\$ 839,521</u>

# MANOMET, INC.

## *Notes to Schedule of Expenditures of Federal Awards*

*Year Ended September 30, 2019*

### ***Note 1 – Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Manomet under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of Manomet, it is not intended to and does not present the financial position, changes in net assets or cash flows of Manomet.

### ***Note 2 – Summary of Significant Accounting Policies***

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Manomet has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

*Reporting Under Government Auditing Standards*



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

The Board of Trustees and the Audit Committee  
Manomet, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Manomet, Inc. ("Manomet"), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2020.

***Internal Control Over Financial Reporting***

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

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

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



### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

*Maya Heyman McCann P.C.*

February 13, 2020  
Providence, Rhode Island

*Reporting Under the Uniform Guidance*



*Independent Auditors' Report on Compliance For Each Major Federal Program  
and Report on Internal Control Over Compliance Based on the Uniform Guidance*

The Board of Trustees and the Audit Committee  
Manomet, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited Manomet, Inc.'s ("Manomet") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Manomet's major federal program for the year ended September 30, 2019. Manomet's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for Manomet's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Manomet's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Manomet's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Manomet complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2019.



## Report on Internal Control Over Compliance

Management of Manomet is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Manomet's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Manomet's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Maye Hoffman McCann P.C.*

February 13, 2020  
Providence, Rhode Island

MANOMET, INC.

*Schedule of Findings and Questioned Costs*

*Year Ended September 30, 2019*

**Section 1**

**Summary of Auditors' Results**

**Financial Statements**

- |                                                                                                                         |               |
|-------------------------------------------------------------------------------------------------------------------------|---------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified    |
| 2. Internal control over financial reporting:                                                                           |               |
| a. Material weaknesses identified?                                                                                      | No            |
| b. Significant deficiencies identified?                                                                                 | None Reported |
| 3. Noncompliance material to financial statements noted?                                                                | No            |

**Federal Awards**

- |                                                                              |               |
|------------------------------------------------------------------------------|---------------|
| 1. Internal control over major federal programs:                             |               |
| a. Material weaknesses identified?                                           | No            |
| b. Significant deficiencies identified?                                      | None Reported |
| 2. Type of auditors' report issued on compliance for major federal programs: | Unmodified    |
| 3. Any audit findings disclosed in accordance with 2 CFR 200.516(a)?         | No            |

4. Identification of program tested:

CFDA Number

Name of Federal Program or Cluster

Cluster Program\*

Research and Development Cluster

- |                                                                             |           |
|-----------------------------------------------------------------------------|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee?                                 | Yes       |

\* See Schedule of Expenditures of Federal Awards for a complete listing of the Research and Development Cluster programs and their related CFDA numbers.

**MANOMET, INC.**

***Schedule of Findings and Questioned Costs***

***Year Ended September 30, 2019***

***Section 2***

**Financial Statement Findings**

None noted.

***Section 3***

**Federal Award Findings and Questioned Costs**

None noted.