PINE TREE SOCIETY
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PINE TREE SOCIETY, INC.

FINANCIAL STATEMENTS

With Independent Auditors' Report

DECEMBER 31, 2023 AND 2022

Albin Randall & Bennett

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PINE TREE SOCIETY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pine Tree Society, Inc.:

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pine Tree Society, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pine Tree Society, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Pine Tree Society, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 U.S. generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. 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 Pine Tree Society, Inc.'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 Pine Tree Society, Inc.'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.

Albin, Randall & Bennett

October 24, 2024

PINE TREE SOCIETY, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,278,879	871,215
Accounts receivable, net of allowance for credit losses and contractual allowance of $125,500 and $75,500 in 2023 and 2022	1,132,741	608,416
Contributions receivable, current portion	514,182	4,486,327
Other receivables	65,863	768,640
Inventory	55,467	97,832
Prepaid expenses	137,154	82,297
Total current assets	3,184,286	6,914,727
PROPERTY AND EQUIPMENT:		
Land and land improvements	534,411	511,867
Buildings	8,980,244	8,651,848
Equipment	3,139,372	2,718,866
Construction in process	6,350	185,151
	12,660,377	12,067,732
Less accumulated depreciation	5,502,384	5,183,090
Net property and equipment	7,157,993	6,884,642
INVESTMENTS:		
Without donor restrictions	17,069,015	10,610,628
With donor restrictions	4,089,077	5,097,439
Total investments	21,158,092	15,708,067
OTHER ASSETS:		
Contributions receivable, net of current portion	21,000	71,000
Beneficial interest in perpetual trusts	5,443,000	4,973,000
Contributions receivable from remainder trusts	1,323,000	1,270,000
Right of use asset - operating leases	342,006	215,843
Total other assets	7,129,006	6,529,843
	$ 38,629,377	36,037,279

See accompanying independent auditors' report and notes to financial statements.

PINE TREE SOCIETY, INC.

STATEMENTS OF FINANCIAL POSITION, CONTINUED

DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES:		
Accounts payable	$ 328,065	339,192
Accrued expenses	500,863	507,487
Current portion of operating lease liabilities	136,415	120,100
Total current liabilities	965,343	966,779
LONG-TERM LIABILITIES, NET OF CURRENT PORTION - Operating lease liabilities	207,619	100,211
NET ASSETS:		
Without donor restrictions	24,159,529	18,235,182
With donor restrictions	13,296,886	16,735,107
Total net assets	37,456,415	34,970,289
	$ 38,629,377	36,037,279

See accompanying independent auditors' report and notes to financial statements.

PINE TREE SOCIETY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	Without donor restrictions	
	2023	2022
PUBLIC SUPPORT, PROGRAM SERVICES, AND REVENUE:		
Public support:		
Bequests	$ 273,667	842,352
Donations and gifts	370,680	473,372
Special events	49,557	53,809
Donated services	18,020	52,087
Donated equipment and other	13,836	23,437
Total public support	725,760	1,445,057
Program services:		
Interpreting services	1,711,745	1,364,751
Family and community support services	3,199,215	2,424,164
Pine Tree Camp recreational services, net of financial assistance	220,697	213,202
Speech, hearing, and assistive technology services	683,042	559,436
Early learning center	984,036	439,222
Other	266,962	153,531
Total program services	7,065,697	5,154,306
Revenue:		
Hearing aid and other product sales, net	575,665	489,286
Interest and dividends	519,862	420,654
Net realized and unrealized gain (loss) from investments	1,464,826	(1,898,705)
Change in value of beneficial interest in perpetual trusts and contributions receivable from remainder trusts	-	-
Gain on disposal of property and equipment	40,827	-
Total revenue	2,601,180	(988,765)
Net assets released by satisfaction of donor restrictions	5,970,608	2,029,539
Total public support, program services, and revenue	16,363,245	7,640,137
EXPENSES:		
Program services	9,602,070	8,743,248
Support services	836,828	894,916
Total expenses	10,438,898	9,638,164
Change in net assets	5,924,347	(1,998,027)
NET ASSETS AT BEGINNING OF YEAR	18,235,182	20,233,209
Net assets at end of year	$ 24,159,529	18,235,182

See accompanying independent auditors' report and notes to financial statements.

PINE TREE SOCIETY, INC.

STATEMENTS OF ACTIVITIES, CONTINUED

YEARS ENDED DECEMBER 31, 2023 AND 2022

With donor restrictions		Totals	
2023	2022	2023	2022
5,000	500,000	278,667	1,342,352
824,785	1,758,109	1,195,465	2,231,481
253,859	214,243	303,416	268,052
-	-	18,020	52,087
-	-	13,836	23,437
1,083,644	2,472,352	1,809,404	3,917,409
-	-	1,711,745	1,364,751
-	-	3,199,215	2,424,164
-	-	220,697	213,202
-	-	683,042	559,436
-	-	984,036	439,222
-	-	266,962	153,531
-	-	7,065,697	5,154,306
-	-	575,665	489,286
89,513	81,696	609,375	502,350
762,041	(991,614)	2,226,867	(2,890,319)
597,189	(1,504,000)	597,189	(1,504,000)
-	-	40,827	-
1,448,743	(2,413,918)	4,049,923	(3,402,683)
(5,970,608)	(2,029,539)	-	-
(3,438,221)	(1,971,105)	12,925,024	5,669,032
-	-	9,602,070	8,743,248
-	-	836,828	894,916
-	-	10,438,898	9,638,164
(3,438,221)	(1,971,105)	2,486,126	(3,969,132)
16,735,107	18,706,212	34,970,289	38,939,421
13,296,886	16,735,107	37,456,415	34,970,289

See accompanying independent auditors' report and notes to financial statements.

PINE TREE SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program services			
	Client services	Public health education	Program enhancement	Total
Salaries and wages	$ 5,020,420	20,353	77,415	5,118,188
Benefits	746,491	1,614	7,269	755,374
Payroll taxes	375,291	1,394	5,439	382,124
Workers compensation	59,248	209	970	60,427
Insurance	71,578	157	97	71,832
Professional and contract fees	1,252,882	14,627	1,077	1,268,586
Travel	152,117	1,096	2,573	155,786
Materials and supplies	349,819	7,290	359	357,468
Telephone and internet	112,552	402	371	113,325
Postage	14,835	13,365	25	28,225
Occupancy	301,048	2,186	462	303,696
Software license fees	145,167	1,293	254	146,714
Printing	11,447	26,426	12	37,885
Advertising	1,141	787	-	1,928
Service provider taxes	78,031	-	-	78,031
Training and conferences	49,531	87	99	49,717
Fuel	29,976	8	7	29,991
Bad debts	98,663	518	495	99,676
Depreciation	507,320	243	184	507,747
Miscellaneous	27,273	8,014	63	35,350
	$ 9,404,830	100,069	97,171	9,602,070

See accompanying independent auditors' report and notes to financial statements.

PINE TREE SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED

YEAR ENDED DECEMBER 31, 2023

	Support services			
Fund raising - general	Fund raising - special events	Management and general	Total	2023 Total expenses
248,099	49,432	143,463	440,994	5,559,182
27,228	9,165	14,090	50,483	805,857
18,208	3,832	10,188	32,228	414,352
3,011	576	1,658	5,245	65,672
723	155	5,970	6,848	78,680
31,335	33,174	65,060	129,569	1,398,155
9,460	4,820	10,191	24,471	180,257
16,292	3,079	3,673	23,044	380,512
3,574	183	1,348	5,105	118,430
19,286	1,961	779	22,026	50,251
8,516	568	5,879	14,963	318,659
10,207	1,633	1,471	13,311	160,025
24,385	7,671	1,504	33,560	71,445
3,439	13,505	208	17,152	19,080
-	-	-	-	78,031
(136)	130	1,348	1,342	51,059
32	162	23	217	30,208
2,126	488	1,582	4,196	103,872
1,391	267	727	2,385	510,132
261	8,641	787	9,689	45,039
427,437	139,442	269,949	836,828	10,438,898

See accompanying independent auditors' report and notes to financial statements.

PINE TREE SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program services			
	Client services	Public health education	Program enhancement	Total
Salaries and wages	$ 4,688,920	15,654	42,176	4,746,750
Benefits	778,268	2,647	4,409	785,324
Payroll taxes	365,594	1,112	3,277	369,983
Workers compensation	52,330	135	489	52,954
Insurance	65,832	136	52	66,020
Professional and contract fees	966,182	13,172	742	980,096
Travel	162,011	563	352	162,926
Materials and supplies	321,871	5,780	121	327,772
Telephone and internet	83,721	377	86	84,184
Postage	18,380	10,465	15	28,860
Occupancy	303,720	2,194	276	306,190
Software license fees	121,573	1,198	133	122,904
Printing	8,550	15,008	17	23,575
Advertising	5,000	786	3	5,789
Service provider taxes	71,944	-	-	71,944
Training and conferences	42,923	87	96	43,106
Fuel	32,215	10	7	32,232
Bad debts	52,713	-	-	52,713
Depreciation	435,983	99	49	436,131
Miscellaneous	35,823	7,963	9	43,795
	$ 8,613,553	77,386	52,309	8,743,248

See accompanying independent auditors' report and notes to financial statements.

PINE TREE SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED

YEAR ENDED DECEMBER 31, 2022

	Support services			
Fund raising - general	Fund raising - special events	Management and general	Total	2022 Total expenses
237,596	60,612	161,160	459,368	5,206,118
30,961	9,053	18,292	58,306	843,630
17,647	4,774	11,517	33,938	403,921
2,648	626	1,464	4,738	57,692
704	185	5,560	6,449	72,469
27,936	45,467	66,024	139,427	1,119,523
6,693	4,081	6,128	16,902	179,828
9,285	10,460	12,860	32,605	360,377
3,094	197	1,495	4,786	88,970
17,351	4,351	3,575	25,277	54,137
9,495	920	6,927	17,342	323,532
9,501	1,402	1,888	12,791	135,695
17,172	7,038	4,636	28,846	52,421
3,254	30,238	1,803	35,295	41,084
-	-	-	-	71,944
3,446	252	669	4,367	47,473
49	194	37	280	32,512
50	750	-	800	53,513
658	175	351	1,184	437,315
4,673	7,433	109	12,215	56,010
402,213	188,208	304,495	894,916	9,638,164

See accompanying independent auditors' report and notes to financial statements.

PINE TREE SOCIETY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING ACTIVITIES:		
Change in net assets	$ 2,486,126	(3,969,132)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	510,132	437,315
Amortization of operating lease obligations	(2,440)	4,468
Change in allowance for credit losses and contractual allowance	50,000	-
Net realized and unrealized (gain) loss on investments	(2,226,867)	2,890,319
Gain on sale of property and equipment	(40,827)	-
Change in value of beneficial interest in perpetual trusts and contributions receivable from remainder trusts	(523,000)	1,504,000
Change in operating assets and liabilities:		
Accounts receivable	(574,325)	(96,682)
Contributions receivable	4,022,145	(7,896)
Other receivables	702,777	(768,640)
Inventory	42,365	(37,485)
Prepaid expenses	(54,857)	54,620
Accounts payable	(11,127)	143,054
Accrued expenses	(6,624)	10,724
Net cash provided by operating activities	4,373,478	164,665
INVESTING ACTIVITIES:		
Purchases of property and equipment	(803,229)	(603,369)
Proceeds from sale of property and equipment	60,573	-
Purchases of investments	(8,466,682)	(3,211,230)
Proceeds from sale of investments	5,243,524	2,957,615
Net cash used by investing activities	(3,965,814)	(856,984)
Increase (decrease) in cash and cash equivalents	407,664	(692,319)
Cash and cash equivalents at beginning of year	871,215	1,563,534
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,278,879	871,215

See accompanying independent auditors' report and notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Society - Pine Tree Society, Inc. (the Society) is a not-for-profit corporation, which provides services to children and adults with disabilities and to their families in Maine and other New England states. These services include recreational services through Pine Tree Camp, a year round camp and recreation center, audiology, American Sign Language interpreting for Maine's deaf community, Early Learning Center for children with special needs, child and adult case management, speech language services, assistive technology and community based support services for adults living with developmental disabilities. The Society also provides educational and health information regarding disabilities to raise public awareness.

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting.

Basis of presentation - The Society's net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Society and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Some donor-imposed restrictions are temporary in nature and may be fulfilled by actions of the Society or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes of the Society.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents - The Society considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Adoption of Accounting Standards Codification (ASC) Topic 326 "Financial Instruments - Credit Losses" - Effective January 1, 2023, the Society adopted ASC Topic 326, *Financial Instruments - Credit Losses,* as amended, which changes the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. This update replaces the incurred loss impairment model with an expected loss model that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivables.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Adoption of Accounting Standards Codification (ASC) Topic 326 "Financial Instruments - Credit Losses", continued - The Society adopted ASC Topic 326 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning after January 1, 2023, are presented under ASC Topic 326 while prior period amounts continue to be reported in accordance with previously applicable U.S. GAAP. The adoption of this new accounting standard and its related amendments did not have a material impact on the Society's financial statements.

Accounts receivable - Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. The Society determines its past due receivables based on contractual terms. The Society uses the allowance method of accounting for doubtful accounts. Losses are charged to the allowance when considered uncollectible. In 2023, the estimation of the allowance is based on current receivable aging, an assessment of specific customer accounts considered at risk or uncollectible, and management's consideration of current and future economic conditions. In 2022, the allowance was estimated using the incurred loss model. Substantially all trade accounts receivable are related to revenue from contracts with customers. Trade accounts receivable, net of allowances totaled $511,734 at January 1, 2022.

Employee Retention Credit - The Society is eligible for the Employee Retention Credit (ERC) under the CARES Act, which is a refundable tax credit against certain employment taxes. Eligible employers qualified for ERC based on either a reduction in gross receipts or full or partial suspense of operations due to a government order. The income is recognized in the period it is reasonably assured the eligibility requirements have been determined and amended payroll tax returns have been filed, which may differ from the period the related payroll taxes were incurred. The credits may be subject to IRS review. The Society recognized $766,440 of credits, as reported in revenues with donor restrictions, for the year ended December 31, 2022. Amounts claimed but not received prior to year-end are included on the accompanying statements of financial position, as other receivables, in the amount of $766,440 at December 31, 2022.

Contributions - Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Accretion of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. A discount was not recorded at both December 31, 2023 and 2022, as the amount was not material to the financial statements. An allowance for uncollectible contributions is provided based upon management's judgment of potential defaults, based upon such factors as prior collection history, type of contribution, and nature of fundraising activity. The Society considers all contributions receivable at both December 31, 2023 and 2022, to be fully collectible; accordingly, no allowance for uncollectible contributions has been recognized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributions, continued - Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Contributed services and non-cash assets - Contributions of services and donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society. The value of nonprofessional, donated services is not reflected in the accompanying financial statements, as those services do not meet the criteria outlined in U.S. GAAP. The Society records an expense for the utilization of services or expenditure of the asset in the period the costs are incurred or the services are provided.

The Society received the following in-kind contributions:

	2023	2022
Equipment - Early Learning Center	$ -	14,561
Equipment - Pine Tree Camp	12,117	300
Equipment - Community Support	1,199	-
Gift Cards - Fundraising Special Events	-	5,589
Service - Fundraising Special Events	100	3,027
Service - Promotion/Community Awareness	17,920	49,060
Supplies - General	-	187
Supplies - Fundraising Special Events	520	2,800
	$ 31,856	75,524

Inventory - Inventory primarily consists of hearing aids and other audiology equipment. Inventories are valued at the lower of cost and net realizable value, determined on a first-in, first-out (FIFO) basis. Net realizable value is defined as the estimated selling prices of the inventory in the ordinary course of business, less reasonably predictable costs of disposal and transportation. Cost is determined on an average cost method.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities and alternative investments are measured at fair value in the statement of financial position.

Income and net realized and unrealized gains and losses on investments of endowment and similar funds are reported as increases in net assets with donor restrictions if the terms of the gift requires that they be added to the principal of a permanent endowment fund; as increases in net assets with donor restrictions if the terms of the gift or the Society's interpretation of relevant state law impose restrictions on the use of the income; or as increases in net assets without donor restrictions in all other cases.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments, continued - Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Property and equipment - Property and equipment is stated at cost, or if donated, fair value on the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Revenue recognition - The Society derives its revenues primarily from providing services to clients and the sale of hearing aids and related accessories. Revenue is recognized at a point in time when services are performed or when control of the products are transferred to the customer, at the amount expected to be collected from the client or from third-party payers (private insurance or Mainecare).

Pine Tree Camp fees are recognized when registrations are received. Campership discounts are based on the ability to pay and are recorded as a reduction in Pine Tree Camp revenue. Payment plans allow for the cost to be paid through the remaining calendar year. Any uncollected balance on outstanding amounts is applied to campership discounts at year end. Because Camp transactions occur within the financial statement reporting period, no adjustment is required under generally accepted accounting principles.

The Society elected the practical expedient for sales tax collected, which allows the Society to exclude from the transaction price any amounts collected from customers for sales tax and other similar taxes. Incidental items that are immaterial in the context of the contract are recognized as expense. The Society does not have any significant financing components as payment is received at or shortly after the services are performed.

Leases - The Society determines if an arrangement is a lease or contains a lease at inception of a contract based on the right to control the use of identified asset in exchange for consideration. In evaluating its contracts, the Society separately identifies lease components from nonlease components, such as common area and other maintenance costs, in calculating the ROU asset and lease liabilities.

Leases result in the recognition of ROU assets and liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Society determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Society uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Society uses its incremental borrowing rate to determine the present value of lease payments for its real estate and equipment leases.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Leases, continued - The Society considers options to extend or early terminate, if reasonably certain to exercise, when evaluating the lease term. Lease expense is generally recognized on a straight-line basis over the lease term. The Society has no leases with a term of 12 months or less.

Functional allocation of expenses - The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and support services. Expenses related to facilities, such as depreciation, occupancy, as well as property and general liability insurance are allocated based on the square footage attributed to the program or support function. Information technology related expenses, including salaries are allocated based on the number of devices that are used by a program or support function. The Society allocates the expenses of the Human Resources administrative function, including salaries, based on the amount of direct salaries incurred by program and support function. The operating expenses incurred by a program or support function are the basis for allocating other general and administrative expenses.

Tax exempt status - The Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society received a favorable tax determination letter in 1946.

Uncertain tax positions - U.S. GAAP prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the organization has taken or expects to take on a tax return. Accordingly, the Society recognizes the tax benefits from uncertain tax positions if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

Reclassifications - The financial statement presentation for 2022, has been changed to conform with the 2023 presentation. Total net assets are unchanged as a result of the reclassifications.

Subsequent events - The Society has evaluated events, if any, that have occurred subsequent to December 31, 2023, through October 24, 2024, the date the financial statements were available to be issued, and included information in the notes to the financial statements related to any identifiable events, if necessary.

2. LIQUIDITY AND AVAILABILITY

The Society's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2023	2022
Cash and cash equivalents	$ 1,278,879	871,215
Accounts receivable, net	1,132,741	608,416
Grants receivable	65,863	768,640
Current portion of pledges receivable	514,182	4,486,327
Less amounts restricted by donors for specific purposes	(241,588)	(299,228)
Less amounts held for representative payee beneficiaries	(121,148)	(115,718)
Endowment appropriation for current use	928,651	1,128,704
Financial assets available within one year of balance sheet date for general expenditures	$ 3,557,580	7,448,356

The Society's endowment funds consist of donor-restricted endowments and a quasi-endowment. As more fully described in Note 11, the endowment has a total spending rate of 4%. Amounts appropriated from either the donor-restricted endowment or quasi-endowment for general expenditures with one year of the balance sheet date have been included as available.

As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help managed unanticipated liquidity needs, the Society has a committed line of credit in the amount of $400,000, as more fully described in Note 9, which the Society could draw upon in the event of an unanticipated liquidity need. Although the Society does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available, if necessary.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

	2023	2022
Receivable in less than one year (current)	$ 514,182	4,486,327
Receivable in one to five years (long-term)	21,000	71,000
Total contributions receivable	$ 535,182	4,557,327

4. CONCENTRATIONS OF CREDIT RISK

The Society's financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and accounts receivable. At times, the Society maintains cash balances with financial institutions in excess of amounts federally insured. The Society maintains a collateral agreement with Bath Savings Institution, providing up to $2,000,000 in coverage. Accounts receivable are primarily attributable to services rendered to the Society's broad client base, which limits exposure to concentrations of credit risk.

Investments are exposed to interest rate, credit, and market risks. Due to the inherent risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of financial position.

5. INVESTMENTS

The composition of investments is as follows:

	2023		2022	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	$ 4,694,677	4,694,677	467,660	467,660
Equity funds	6,337,912	11,008,338	8,597,738	11,922,943
Bond funds	1,622,646	1,548,972	2,650,900	2,420,360
Alternative funds	459,150	523,585	191,821	159,324
Fixed income	2,797,654	2,668,675	799,593	737,780
Exchange traded funds	647,095	713,845	-	-
	$ 16,559,134	21,158,092	12,707,712	15,708,067

5. INVESTMENTS, CONTINUED

The change in fair value consists of the following:

	2023	2022
Fair value, beginning of year	$ 15,708,067	18,344,771
Contributions	28,213	197,578
Transfers in	4,000,000	894,690
Interest and dividends	411,579	276,319
Custodial fees	(60,642)	(46,669)
Net realized and unrealized gains (losses)	2,226,867	(2,890,319)
Withdrawals	(1,155,992)	(1,068,303)
	5,450,025	(2,636,704)
Fair value, end of year	$ 21,158,092	15,708,067

6. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Society is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the Society. The Society has legally enforceable rights and claims to such assets, including the sole or stated share of the income from each trust as applicable. Changes in value of the beneficial interest in perpetual trusts are reported as changes in net assets with donor restrictions based on stipulations in the gift instruments. The fair value of the beneficial interest in perpetual trusts was approximately $5,443,000 and $4,973,000 at December 31, 2023 and 2022, respectively.

7. CONTRIBUTIONS RECEIVABLE FROM REMAINDER TRUST

The Society is the beneficiary of various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor and other beneficiaries over the trust's term (usually the beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Society's use. At the time the Society is named beneficiary, it records contribution revenue equal to the present value of the estimated future benefits to be received. Future changes in value of the charitable remainder trusts are reported as changes in net assets with donor restrictions based on stipulations in the gift instruments. The approximate present value of the future payments is calculated using discount rates from 4.82% to 5.03% and applicable mortality tables, which was approximately $1,323,000 and $1,270,000 as of December 31, 2023 and 2022, respectively.

8. FAIR VALUE MEASUREMENTS

Fair value is defined as the price at which an asset could be exchanged or a liability transferred (an exit price) in an orderly transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset or liability. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied.

Financial assets recorded at fair value in the accompanying financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by U.S. GAAP, and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1 - Inputs are unadjusted, quoted prices in active markets for identical assets at the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Inputs are other than quoted prices included in Level 1, which are either directly or indirectly observable for the asset or liability through correlation with market data at the reporting date and for the duration of the instrument's anticipated life.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and which reflect management's best estimate of what market participants would use in pricing the asset or liability at the reporting date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Management is responsible for valuation policies and procedures and determining fair value of investments. The valuation process is completed on an annual basis for Level 3 assets.

Valuation techniques of the Society’s beneficial interest in charitable remainder trusts with Level 3 inputs include a net present value calculation using factors of five to twenty years, based on life expectancy of the income beneficiary, discounted at the applicable federal rate for the periods ended December 31, 2023 and 2022.

Fair value of the Society’s beneficial interest in perpetual trusts is based on the market value of assets held by the trust at December 31, 2023 and 2022, factored by the beneficiary percentage to which the Society is entitled.

Alternative investments consist of ownership interests in investment partnerships. The Society values these investments at the entity level, rather than at the individual levels of underlying assets held by the partnership. The fair value at December 31, 2023 and 2022, is based on the Society's capital account balance adjusted for performance allocation.

8. FAIR VALUE MEASUREMENTS, CONTINUED

Assets and liabilities measured at fair value on a recurring basis are summarized below:

		Fair value measurements at reporting date using:		
	Totals	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2023:				
Investments	$ 21,158,092	20,991,205	-	166,887
Beneficial interest in perpetual trusts	5,443,000	-	-	5,443,000
Contributions receivable from remainder trusts	1,323,000	-	-	1,323,000
	$ 27,924,092	20,991,205	-	6,932,887

		Fair value measurements at reporting date using:		
	Totals	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2022:				
Investments	$ 15,708,067	15,548,743	-	159,324
Beneficial interest in perpetual trusts	4,973,000	-	-	4,973,000
Contributions receivable from remainder trusts	1,270,000	-	-	1,270,000
	$ 21,951,067	15,548,743	-	6,402,324

8. FAIR VALUE MEASUREMENTS, CONTINUED

A reconciliation of assets measured at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) is as follows:

	Alternative investments	Beneficial interest in perpetual trusts	Contributions receivable from remainder trusts	Total
December 31, 2023:				
Balance at beginning of year	$ 159,324	4,973,000	1,270,000	6,402,324
Net realized and unrealized gain, interest and dividends, net	7,563	-	-	7,563
Change in value of beneficial interests in perpetual trusts and contributions receivable from remainder trusts	-	470,000	127,189	597,189
Distributions	-	-	(74,189)	(74,189)
Balance at end of year	$ 166,887	5,443,000	1,323,000	6,932,887

	Alternative investments	Beneficial interest in perpetual trusts	Contributions receivable from remainder trusts	Total
December 31, 2022:				
Balance at beginning of year	$ 167,290	6,032,000	1,715,000	7,914,290
Net realized and unrealized gain, interest and dividends, net	(7,966)	-	-	(7,966)
Change in value of beneficial interests in perpetual trusts and contributions receivable from remainder trusts	-	(1,059,000)	(445,000)	(1,504,000)
Balance at end of year	$ 159,324	4,973,000	1,270,000	6,402,324

Net realized and unrealized losses are included in net realized and unrealized gains in the statement of activities.

9. LINE OF CREDIT

The Society maintains a line of credit, which allows for maximum borrowings of $400,000 and any balance outstanding accrues interest at the *Wall Street Journal* prime rate, 8.50% at December 31, 2023. The line of credit agreement, which expires July 2025, is secured by all business assets of the Society with a carrying value of $38,629,377 at December 31, 2023. No amounts were outstanding on the line at both December 31, 2023 and 2022.

10. RESTRICTIONS ON USE OF NET ASSETS

Net assets with donor restrictions are for the following purposes:

	Temporarily restricted	Investment in perpetuity - only income expendable	Beneficial interest in perpetual trusts and contributions receivable from remainder trusts - only receipts expendable	Total net assets with donor restrictions
December 31, 2023:				
Net assets subject to purpose restriction:				
Any activities of the Society	$ 1,581,715	1,862,010	5,182,000	8,625,725
Program services	83,801	-	-	83,801
Pine Tree Camp operations	557,382	662,248	163,000	1,382,630
Capital expenditures	26,253	-	-	26,253
Scholarships	506,675	713,274	98,000	1,317,949
	2,755,826	3,237,532	5,443,000	11,436,358
Net assets subject to time restriction:				
Contributions receivable	537,528	-	1,323,000	1,860,528
	$ 3,293,354	3,237,532	6,766,000	13,296,886

10. RESTRICTIONS ON USE OF NET ASSESTS, CONTINUED

	Temporarily restricted	Investment in perpetuity - income only expendable	Beneficial interest in perpetual trusts and contributions receivable from remainder trusts - receipts only expendable	Total net assets with donor restrictions
December 31, 2022:				
Net assets subject to purpose restriction:				
Any activities of the Society	$ 1,204,453	1,862,010	4,808,000	7,874,463
Program services	71,431	-	-	71,431
Pine Tree Camp operations	495,813	662,248	148,000	1,306,061
Capital expenditures	36,805	-	-	36,805
Scholarships	355,633	713,274	90,000	1,158,907
	2,164,135	3,237,532	5,046,000	10,447,667
Net assets subject to time restriction:				
Contributions receivable	5,090,440	-	1,197,000	6,287,440
	$ 7,254,575	3,237,532	6,243,000	16,735,107

11. ENDOWMENT FUNDS

The Society is subject to the Maine Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classified amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

The Board of Directors of the Society has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Society considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Society has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. No funds were underwater at December 31, 2023 and 2022.

11. ENDOWMENT FUNDS, CONTINUED

Additionally, in accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the funds; the purposes of the Society and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Society; and the investment policies of the Society.

Endowment Investment - The Society has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a substantial and reasonably stable stream of income to support the operating budget of the Society and to achieve this result in perpetuity while preserving and enhancing the total value of the endowment. In order to achieve the Society's investment objectives, it is necessary to realize long-term investment returns in excess of their spending policy rate plus the inflation rate. The Society believes that a portfolio of mostly equity based investments is the best opportunity to achieve this objective. The Society's portfolio also maintains 10 - 30% of fixed income securities in order to realize some short term liquidity and to remain diversified.

Spending Policy - The Society maintains a spending policy to annually distribute 4% of the total market value of the endowment, calculated as the average of the prior 12 quarters' ending market values of the endowment funds net of all fees and administrative expenses paid by the endowment. Additionally, the Board of Directors may also appropriate an additional 1% for discretionary purposes, subject to annual appropriation. Any changes made to the spending policy are subject to approval by the Board of Directors. In 2023, the Board of Directors approved a total withdrawal from investments of 7% to ensure sufficient liquidity. 4% was appropriated from the Society's temporarily restricted endowment. The remaining funds in excess of the 4% withdrawal were taken from board designated endowment, which is unrestricted as to use.

Endowment net asset composition by type of fund are as follows:

	Without donor restrictions	With donor restrictions	Total
December 31, 2023:			
Board designated endowment funds	$ 15,406,322	-	15,406,322
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	3,237,532	3,237,532
Accumulated investment gains	-	2,514,238	2,514,238
Total endowment funds	$ 15,406,322	5,751,770	21,158,092

11. ENDOWMENT FUNDS, CONTINUED

	Without donor restrictions	With donor restrictions	Total
December 31, 2022:			
Board designated endowment funds	$ 10,610,628	-	10,610,628
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	3,237,532	3,237,532
Accumulated investment gains	-	1,859,907	1,859,907
Total endowment funds	$ 10,610,628	5,097,439	15,708,067

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2023:			
Endowment net assets, beginning of year	$ 10,610,628	5,097,439	15,708,067
Investment return, net	1,731,406	846,398	2,577,804
Contributions	4,000,000	-	4,000,000
Transfers to endowment	28,212	-	28,212
Appropriation of endowment assets for expenditure	(963,924)	(192,067)	(1,155,991)
Endowment net assets, end of year	$ 15,406,322	5,751,770	21,158,092

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2022:			
Endowment net assets, beginning of year	$ 12,176,596	6,168,175	18,344,771
Investment return, net	(1,742,693)	(917,976)	(2,660,669)
Contributions	157,578	40,000	197,578
Transfers to endowment funds	894,690	-	894,690
Appropriation of endowment assets for expenditure	(875,543)	(192,760)	(1,068,303)
Endowment net assets, end of year	$ 10,610,628	5,097,439	15,708,067

11. ENDOWMENT FUNDS, CONTINUED

Description of amounts classified as net assets with donor restrictions (endowment only) are as follows:

	2023	2022
Net assets with donor restrictions:		
Original donor-restricted endowment gift amount and amounts required to be retained by donor	$ 3,237,532	3,237,532
Accumulated investment gains on endowment funds:		
Without purpose restrictions	1,581,715	1,204,453
With purpose restrictions	932,523	655,454
Total endowment funds classified as net assets with donor restrictions	$ 5,751,770	5,097,439

12. HEARING AID AND OTHER PRODUCT SALES

The components of hearing aid and other product sales are as follows:

	2023	2022
Hearing aid & other products revenue	$ 1,139,167	962,271
Less: cost of goods sold	(563,502)	(472,985)
Hearing aid and other product sales, net	$ 575,665	489,286

13. LEASES

The Society has lease arrangements for office space from unrelated parties through various operating lease agreements. The leases have remaining lease terms of approximately two to three years. Total operating lease expense, consisting of fixed lease payments, totaled $194,946 and $193,723 for the years ended December 31, 2023 and 2022, respectively.

The weighted-average remaining lease term related to the Society's lease liabilities was 2.51 years and 2.23 years at December 31, 2023 and 2022, respectively. The weighted-average discount rate related to the Society's lease liabilities was 3.25% at both years ended December 31, 2023 and 2022.

13. LEASES, CONTINUED

Future minimum lease payments under non-cancelable operating leases are as follows:

2024	$ 149,000
2025	144,000
2026	71,000
Total future minimum lease payments	364,000
Less present value discount	20,510
Total lease liabilities	343,490
Less current portion	136,415
Long-term lease liabilities	$ 207,075

14. RETIREMENT PLAN

The Society sponsors a 403(b) retirement savings plan covering employees after certain eligibility requirements are met. The Plan provides for employer matching contributions equal to 100% of the first 2% of compensation that a participant elects to contribute as a deferred cash contribution. The Plan provides for discretionary employer contributions. Matching contributions totaled $59,106 and $61,213 for the years ended December 31, 2023 and 2022, respectively. Discretionary employer contributions totaled $109,611 and $103,963 for the years ended December 31, 2023 and 2022, respectively.

15. JOINT COSTS OF MULTI-PURPOSE FUNDRAISING MATERIALS

The Society incurred joint costs for informational materials and activities that include fundraising appeals. The costs were allocated to fundraising expense and public health education as follows:

	2023	2022
Fundraising	$ 90,583	73,435
Public health education	70,308	51,754
Total joint costs	$ 160,891	125,189

16. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2023	2022
Cash paid for amounts included in the measurement of operating lease liabilities	$ 148,925	144,912