

**CHESAPEAKE CLIMATE  
ACTION NETWORK, INC.**

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**FINANCIAL STATEMENTS**

**For the Years Ended  
June 30, 2024 and 2023  
and  
Report Thereon**

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**LANE & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report**

To the Board of Directors of  
Chesapeake Climate Action Network, Inc.

**Opinion**

We have audited the accompanying financial statements of Chesapeake Climate Action Network, Inc. (CCAN), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 CCAN as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CCAN 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 CCAN's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

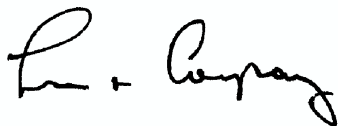
## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 CCAN'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 CCAN'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.



Washington, D.C.  
February 25, 2025

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2024 and 2023**

	<b><u>ASSETS</u></b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
Cash and cash equivalents	\$ 596,225	\$ 970,049
Accounts receivable	90,188	95,532
Grants receivable	255,000	479,000
Prepaid expenses	16,913	11,000
Investments	1,493,755	1,033,035
Property and equipment, net	3,916	6,449
Right-of-use assets	28,854	68,044
Security deposit	5,943	6,433
	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 2,490,794</u>	<u>\$ 2,669,542</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable and accrued expenses	\$ 52,988	\$ 85,549
Lease liability	29,021	68,918
Deferred revenue	-	437
	<u>          </u>	<u>          </u>
Total Liabilities	<u>82,009</u>	<u>154,904</u>
Net Assets		
Without donor restrictions	2,308,260	2,040,639
With donor restrictions	100,525	473,999
	<u>          </u>	<u>          </u>
Total Net Assets	<u>2,408,785</u>	<u>2,514,638</u>
	<u>          </u>	<u>          </u>
Total Liabilities and Net Assets	<u>\$ 2,490,794</u>	<u>\$ 2,669,542</u>

The accompanying notes are an integral part of these financial statements.

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue and Support			
Grants and contributions	\$ 1,301,262	\$ 769,089	\$ 2,070,351
Contract revenue	610,209	-	610,209
Investment income, net	69,219	-	69,219
Other Income	6,345	-	6,345
Net assets released from restrictions	1,142,563	(1,142,563)	-
	<u>3,129,598</u>	<u>(373,474)</u>	<u>2,756,124</u>
Total Revenue and Support			
Expenses			
Program Services	2,399,102	-	2,399,102
Supporting Services			
Fundraising	286,891	-	286,891
Management and general	175,984	-	175,984
	<u>462,875</u>	<u>-</u>	<u>462,875</u>
Total Supporting Services			
Total Expenses	<u>2,861,977</u>	<u>-</u>	<u>2,861,977</u>
Change in Net Assets	<u>267,621</u>	<u>(373,474)</u>	<u>(105,853)</u>
Net Assets, Beginning of Year	<u>2,040,639</u>	<u>473,999</u>	<u>2,514,638</u>
Net Assets, End of Year	<u><u>\$ 2,308,260</u></u>	<u><u>\$ 100,525</u></u>	<u><u>\$ 2,408,785</u></u>

The accompanying notes are an integral part of these financial statements.

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue and Support			
Grants and contributions	\$ 1,195,002	\$ 902,643	\$ 2,097,645
Contract revenue	317,085	-	317,085
Special events, net	13,330	-	13,330
Investment income, net	73,849	-	73,849
Net assets released from restrictions	1,282,375	(1,282,375)	-
Total Revenue and Support	2,881,641	(379,732)	2,501,909
Expenses			
Program Services	2,001,384	-	2,001,384
Supporting Services			
Fundraising	292,547	-	292,547
Management and general	224,280	-	224,280
Total Supporting Services	516,827	-	516,827
Total Expenses	2,518,211	-	2,518,211
Change in Net Assets	363,430	(379,732)	(16,302)
Net Assets, Beginning of Year	1,677,209	853,731	2,530,940
Net Assets, End of Year	\$ 2,040,639	\$ 473,999	\$ 2,514,638

The accompanying notes are an integral part of these financial statements.

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2024**

		<u>Supporting Services</u>		<u>Total</u>	
	<u>Program</u>	<u>Fundraising</u>	<u>Management</u>	<u>Supporting</u>	<u>Totals</u>
	<u>Services</u>		<u>and General</u>	<u>Services</u>	
Personnel and related	\$ 1,961,202	\$ 203,094	\$ 129,281	\$ 332,375	\$ 2,293,577
Professional fees	137,039	9,695	25,408	35,103	172,142
Occupancy	105,333	7,718	5,277	12,995	118,328
Website and technology	59,991	17,021	4,893	21,914	81,905
Events	47,811	24,573	513	25,086	72,897
Office expenses	27,521	3,830	3,801	7,631	35,152
Travel	29,640	2,032	1,356	3,388	33,028
Insurance	12,652	3,011	739	3,750	16,402
Postage and printing	9,567	5,960	688	6,648	16,215
Bank and transaction fees	-	9,757	890	10,647	10,647
Advertising and marketing	4,279	200	604	804	5,083
Contributions	4,067	-	-	-	4,067
Depreciation	-	-	2,534	2,534	2,534
Totals	<u>\$ 2,399,102</u>	<u>\$ 286,891</u>	<u>\$ 175,984</u>	<u>\$ 462,875</u>	<u>\$ 2,861,977</u>

The accompanying notes are an integral part of these financial statements.

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2023**

		<u>Supporting Services</u>		<u>Total</u>	
	<u>Program</u>	<u>Fundraising</u>	<u>Management</u>	<u>Supporting</u>	<u>Totals</u>
	<u>Services</u>		<u>and General</u>	<u>Services</u>	
Personnel and related	\$ 1,653,084	\$ 209,788	\$ 163,107	\$ 372,895	\$ 2,025,979
Professional fees	75,521	19,541	25,751	45,292	120,813
Occupancy	95,994	9,454	7,674	17,128	113,122
Website and technology	40,278	10,167	11,163	21,330	61,608
Events	64,530	18,406	472	18,878	83,408
Office expenses	22,118	3,310	6,230	9,540	31,658
Travel	23,424	2,700	2,549	5,249	28,673
Insurance	10,633	2,909	2,517	5,426	16,059
Postage and printing	10,543	6,903	1,263	8,166	18,709
Bank and transaction fees	-	9,369	912	10,281	10,281
Advertising and marketing	1,597	-	2,412	2,412	4,009
Contributions	3,662	-	-	-	3,662
Depreciation	-	-	230	230	230
Totals	<u>\$ 2,001,384</u>	<u>\$ 292,547</u>	<u>\$ 224,280</u>	<u>\$ 516,827</u>	<u>\$ 2,518,211</u>

The accompanying notes are an integral part of these financial statements.



**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ (105,853)	\$ (16,302)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities		
Unrealized and realized gain on investments	(44,131)	(56,338)
Depreciation	2,534	230
Change in assets and liabilities		
Accounts receivable	5,344	(18,893)
Grants receivable	224,000	(94,000)
Prepaid expenses	(5,913)	41,006
Security deposit	490	1,750
Right-of-use assets	39,190	(68,044)
Accounts payable and accrued expenses	(32,561)	24,618
Lease liability - operating leases	(39,084)	68,918
Deferred revenue	(437)	437
Net cash provided by/(used in) operating activities	<u>43,579</u>	<u>(116,618)</u>
Cash flows used in investing activities		
Purchase of investments	(554,837)	(632,103)
Proceeds from sale of investments	138,247	119,866
Net cash used in investing activities	<u>(416,590)</u>	<u>(512,237)</u>
Cash flows used in financing activities		
Payments on principal portion of finance lease obligation	(813)	-
Net cash used in financing activities	<u>(813)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(373,824)	(628,855)
Cash and cash equivalents, beginning of year	<u>970,049</u>	<u>1,598,904</u>
Cash and cash equivalents, end of year	<u><u>\$ 596,225</u></u>	<u><u>\$ 970,049</u></u>
Supplemental disclosure:		
Donated securities:	<u>\$ 12,291</u>	<u>\$ 12,747</u>
Non-cash Investing and Financing Activities:		
Additions to right-of-use assets obtained from new lease liabilities	<u><u>\$ 47,884</u></u>	<u><u>\$ 158,441</u></u>

The accompanying notes are an integral part of these financial statements.

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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1. ORGANIZATION

Chesapeake Climate Action Network, Inc. (CCAN) is a publicly supported 501(c)(3) non-profit organization incorporated in the state of Maryland. CCAN is the first grassroots, nonprofit organization dedicated exclusively to fighting global warming in Maryland, Virginia and Washington, D.C. Our mission is to build and mobilize a powerful grassroots movement in this unique region that surrounds our nation's capital to call for state, national and international policies that will put us on the path to climate stability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

CCAN's financial statements are presented on the accrual basis of accounting, which presents financial position, activities, functional expenses, and cash flows in accordance with accounting principles generally accepted in the United States of America as promulgated by FASB ASC 958, *Not-for-Profit Entities*.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds in checking and savings accounts. For the purpose of the statement of cash flows, CCAN considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Acquisitions of property and equipment are recorded at cost. Depreciation is recorded using the straight-line method over estimated useful lives ranging from three to five years. It is CCAN's policy to capitalize property and equipment over \$2,500. Expenditures for major repairs and improvements are capitalized and expenditures for minor repairs and maintenance costs are expensed as incurred in line with the capitalization policy.

Classification of Net Assets

CCAN's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of CCAN's operations.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various purposes or for use in future time periods.

Revenue Recognition

Grants and contributions are recorded as revenue and support upon the earlier of receipt or communication of a legally binding pledge. CCAN reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets to one of CCAN's programs or to future periods. When a donor restriction is met, that is, when a purpose restriction is accomplished or a time restriction expires, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. Revenue recognized on grants and contributions that have been earned or committed to CCAN, but have not been received, is reflected as grants receivable in the accompanying statements of financial position.

CCAN also performs advocacy and education services that further its mission in the form of contract revenue with various parties. These services are exchange transactions in nature and involve a bundle of services that are recognized ratably over the course of the contract to which the services relate.

Continued

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

During the year ended June 30, 2023, CCAN hosted a special event to celebrate its 20th anniversary. Revenue from this event is reported net of related direct event expenses on the accompanying statement of activities. Event revenue includes two components: a reciprocal exchange amount representing the fair market value of tangible benefits received by paid attendees in exchange for their ticket purchase, and a nonreciprocal contribution amount representing either a) contributions by paid attendees in excess of the benefit received, or b) contributions from non-attendees that received no tangible benefit in exchange. Below is a disaggregation of special event revenues for the year ending June 30, 2023:

Special event - contributions	\$ 58,697
Special event – exchanges	<u>21,630</u>
Subtotal	80,327
Less: Special event direct expenses:	<u>(66,997)</u>
Special event, net	<u>\$ 13,330</u>

Concentrations of Credit Risk

CCAN maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor per institution. Management continually monitors its positions with, and credit quality of, the financial institutions with which it places its cash and cash equivalents and believes these amounts are not subject to significant credit risk.

Income Taxes

CCAN is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. At June 30, 2024 and 2023, no provision for income taxes was made as CCAN had no net unrelated business income. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition on the financial statements.

Continued

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

The costs of providing CCAN's various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been directly allocated to programs and supporting services based on the nature of the expenses and certain indirect costs have been proportionately allocated among the programs and supporting services benefited based on a percentage of personnel costs across departments.

Newly Adopted Accounting Pronouncements

During the year ending June 30, 2024, CCAN adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326). The new standard replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The adoption of this standard had no impact on CCAN's financial statements.

3. LIQUIDITY

CCAN monitors liquidity required to meet its operating needs and other contractual commitments. The organization's primary sources of liquidity at its disposal consist of cash and cash equivalents, accounts and grants receivable and investments.

The following table reflects CCAN's financial assets as of June 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Continued

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

3. LIQUIDITY (continued)

CCAN expects to receive additional contributions and commitments sufficient to fund general operating needs over the next 12 months.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 596,225	\$ 970,049
Accounts receivable	90,188	95,532
Grants receivable	255,000	479,000
Investments	<u>1,493,755</u>	<u>1,033,035</u>
Total financial assets	2,435,168	2,577,616
Less:		
Accounts payable and accrued expenses	(52,988)	(85,549)
Net assets with donor restrictions	<u>(100,525)</u>	<u>(473,999)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,281,655</u>	<u>\$ 2,018,068</u>

4. ACCOUNTS RECEIVABLE

Accounts receivable are stated at unpaid balances and represent services and costs billed for contract revenue. CCAN considers all receivables fully collectible. Accordingly, no provision has been made for an allowance for doubtful accounts. All receivables are due within one year.

5. GRANTS RECEIVABLE

Grants receivable represent amounts due from individual donors and foundations. CCAN considers all receivables to be fully collectible. Accordingly, no provision has been made for an allowance for doubtful accounts. CCAN has determined that any discount to present value for long-term grants receivable due between one to five years from the statement of financial position date is immaterial, and therefore, has opted not to recognize. Grants receivable as of June 30, 2024 and 2023 are due as follows:

	<u>2024</u>	<u>2023</u>
Within one year	\$ 255,000	\$ 404,000
One to five years	<u>-</u>	<u>75,000</u>
Grants receivable	<u>\$ 255,000</u>	<u>\$ 479,000</u>

Continued

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

6. INVESTMENTS

Investments at June 30, 2024 and 2023 consisted of the following:

	2024		2023	
	Cost	Market	Cost	Market
Equity securities	\$ 373,088	\$ 526,770	\$ 359,711	\$ 500,661
Fixed income	899,749	903,430	500,002	494,070
Real estate investment trusts (REITs)	21,617	29,566	17,834	25,457
Cash held for investments	33,989	33,989	12,847	12,847
Total investments	<u>\$ 1,328,443</u>	<u>\$ 1,493,755</u>	<u>\$ 890,394</u>	<u>\$ 1,033,035</u>

Investment income for the years ended June 30, 2024 and 2023 is summarized as follows:

	2024	2023
Interest and dividends	\$ 30,629	\$ 22,204
Realized gain	21,462	26,481
Unrealized gain	22,669	29,857
Less: investment fees	<u>(5,541)</u>	<u>(4,693)</u>
Investment income, net	<u>\$ 69,219</u>	<u>\$ 73,849</u>

7. FAIR VALUE MEASUREMENTS

CCAN has implemented Accounting Standards Codification (ASC) 820. ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. ASC 820 uses the following prioritized input levels to measure fair value. The input levels used for valuing investments and cash equivalents are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

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**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

7. FAIR VALUE MEASUREMENTS (continued)

Level 2 – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity’s assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments, stated at fair value, consisted of the following at June 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2024</u>				
Equity securities	\$ 526,770	\$ -	\$ -	\$ 526,770
Fixed income	404,545	498,885	-	903,430
REITs	29,566	-	-	29,566
Cash held for investments	<u>33,989</u>	<u>-</u>	<u>-</u>	<u>33,989</u>
Total	<u>\$ 994,870</u>	<u>\$ 498,885</u>	<u>\$ -</u>	<u>\$1,493,755</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2023</u>				
Equity securities	\$ 500,661	\$ -	\$ -	\$ 500,661
Fixed income	-	494,070	-	494,070
REITs	25,457	-	-	25,457
Cash held for investments	<u>12,847</u>	<u>-</u>	<u>-</u>	<u>12,847</u>
Total	<u>\$ 538,965</u>	<u>\$ 494,070</u>	<u>\$ -</u>	<u>\$1,033,035</u>

Continued



**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 9,184	\$ 23,428
Software	-	8,214
Less: accumulated depreciation and amortization	<u>(5,268)</u>	<u>(25,193)</u>
Property and Equipment, Net	<u>\$ 3,916</u>	<u>\$ 6,449</u>

Total depreciation expense for the years ended June 30, 2024 and 2023 was \$2,534 and \$230, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2024 and 2023, net assets with donor restrictions were subject to the following restrictions:

	<u>2024</u>	<u>2023</u>
Program-restricted	\$ 100,525	\$ 375,799
Time-restricted	<u>-</u>	<u>98,200</u>
Total Net Assets with Donor Restrictions	<u>\$ 100,525</u>	<u>\$ 473,999</u>

10. LEASES AND RIGHT-OF-USE ASSETS

During the year ending June 30, 2024, CCAN leased office space at locations in Virginia (Norfolk, Richmond, and Vienna) and Maryland (Annapolis, Baltimore, and Takoma Park), and meeting space at Gryphon Scientific in Maryland. CCAN has elected the practical expedient not to capitalize any leases with original terms of 12 months or less—this includes the Annapolis, Baltimore, Gryphon Scientific, and Norfolk leases. CCAN has recognized a lease liability, consisting of the present value of future cash outflows, and a resulting right-of-use lease asset on the statement of financial position for all leases that qualify for capitalization. These right-of-use assets are depreciated on the straight-line basis over the terms of the leases. Each monthly lease payment also includes a component which decreases the balance of the lease liability. No capitalized office leases meet any of the five criteria of finance leases and as a result are classified as operating leases.

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**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

10. LEASES AND RIGHT-OF-USE ASSETS (continued)

CCAN also leases a multi-function printer with a lease term expiring in April 2028. This lease meets the finance lease criteria. Each monthly lease payment towards this equipment lease includes a component which decreases the value of the lease liability and represents interest expense incurred. The equipment is amortized on the straight-line basis over its useful life. This amortization is recognized within depreciation and amortization expense in the accompanying financial statements.

During the year ending June 30, 2024, CCAN signed a new lease for its current office space in Takoma Park. This lease will commence on July 1, 2024 and end June 30, 2026. CCAN will recognize a corresponding lease liability and right-of-use asset—each totaling \$176,186—as of the commencement date.

CCAN elected the practical expedient package to use the risk-free rate in calculating the present value of future cash outflows and the resulting lease liability for all operating and finance leases.

Right-of-use assets and lease liabilities recognized on the accompanying consolidated statements of financial position consist of the following components as of June 30:

	<u>2024</u>	<u>2023</u>
<b>Right-of-use assets</b>		
Operating right-of-use assets	\$ 16,332	\$ 68,044
Finance right-of-use assets	<u>12,522</u>	<u>-</u>
Total right of use assets	<u>\$ 28,854</u>	<u>\$ 68,044</u>
<b>Lease liabilities</b>		
Operating lease liabilities	\$ 16,477	\$ 68,918
Finance lease liabilities	<u>12,544</u>	<u>-</u>
Total lease liabilities	<u>\$ 29,021</u>	<u>\$ 68,918</u>

Continued

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
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**For the Years Ended June 30, 2024 and 2023**

10. LEASES AND RIGHT-OF-USE ASSETS (continued)

Lease costs and other qualitative information regarding the above leases for the years ending June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
<b>Lease costs</b>		
Finance lease cost:		
Amortization of right-of-use assets	\$ 835	\$ -
Interest on lease liabilities	101	-
Operating lease cost	97,387	92,997
Short-term lease cost	<u>18,341</u>	<u>20,420</u>
 Total lease cost	 <u>\$ 116,664</u>	 <u>\$ 113,417</u>
 <b>Other information</b>		
Weighted-average remaining lease term (in months):		
Finance leases	45	-
Operating leases	12.94	9.62
Weighted-average discount rate:		
Finance leases	4.72%	-
Operating leases	5.03%	2.60%

The future minimum lease payments as of June 30, 2024 under these leases are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 117,352
2026	99,473
2027	3,656
2028	<u>3,047</u>
 Subtotal:	 \$ 223,528
 Less: short-term lease	 (3,795)
Less: uncommenced future leases	(184,405)
Less: interest	<u>(6,307)</u>
Present value of lease liability	 <u>\$ 29,021</u>

**CHESAPEAKE CLIMATE ACTION NETWORK, INC.**  
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11. PENSION PLAN

CCAN has a defined contribution plan under Section 401(k) of the Internal Revenue Code. Substantially all of CCAN's employees are eligible to participate in the plan. For the years ended June 30, 2024 and 2023, employer matching contributions totaled \$45,984 and \$42,584, respectively.

12. RELATED PARTY TRANSACTIONS

CCAN is related to Chesapeake Climate Action Network Action Fund, Inc. (CCAF) a 501(c)(4) organization. CCAN shares board members and management with the Fund but does not meet the requirements to consolidate due to insufficient control and economic interest.

Additionally, CCAN receives revenue from CCAF in the form of staff time and incidental costs incurred in service of CCAF. During the years ended June 30, 2024 and 2023, CCAN recognized \$603,140 and \$313,912 in revenue from a cost-sharing agreement with CCAF reported as contract revenue on the accompanying statements of activities. As of June 30, 2024 and 2023, receivables from CCAF totaled \$84,250 and \$90,416, respectively, and are reported with accounts receivable in the accompanying statements of financial position. As of June 30, 2024 and 2023, payables to CCAF totaled \$0 and \$5,702, respectively, and are reported with accounts payable and accrued expenses in the accompanying statements of financial position.

13. SUBSEQUENT EVENTS

In preparing these financial statements, CCAN has evaluated events and transactions for potential recognition or disclosure through February 25, 2025, the date the financial statements were available for issue. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.