

**CHESAPEAKE BAY TRUST
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
JUNE 30, 2023 AND 2022**

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Independent Auditor's Report

To the Board of Trustees
Chesapeake Bay Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Chesapeake Bay Trust (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chesapeake Bay Trust as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chesapeake Bay Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chesapeake Bay Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chesapeake Bay Trust'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 Chesapeake Bay Trust'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.

Independent Auditor's Report (Continued)

Supplementary Information

Our audit was 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 November 20, 2023, on our consideration of Chesapeake Bay Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chesapeake Bay Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chesapeake Bay Trust's internal control over financial reporting and compliance.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
November 20, 2023

CHESAPEAKE BAY TRUST
Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,903,073	\$ 2,005,134
Federal, state and local grants and awards receivable	2,941,412	2,364,992
Contributions receivable, net (current)	938,794	821,132
Interest receivable	14,634	14,457
Other receivables	7,319	30,599
Investments, current	26,221,895	13,765,300
Prepaid expenses and other assets	64,913	133,365
Total Current Assets	<u>32,092,040</u>	<u>19,134,979</u>
Non-Current Assets		
Property and equipment, net of accumulated depreciation	<u>3,070,219</u>	<u>3,052,772</u>
Other Assets		
Investments, non-current	444,623	406,707
Contributions receivable, net (non-current)	44,238	55,197
Operating lease right-of-use assets	7,782	-0-
Total Other Assets	<u>496,643</u>	<u>461,904</u>
Total Assets	<u><u>\$ 35,658,902</u></u>	<u><u>\$ 22,649,655</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 707,302	\$ 755,621
Salaries and benefits payable	270,153	206,967
Deferred revenue	6,802,609	2,224,730
Current maturities of long-term debt	86,456	83,168
Current maturities of operating lease liabilities	3,553	-0-
Total Current Liabilities	<u>7,870,073</u>	<u>3,270,486</u>
Non-Current Liabilities		
Deferred revenue	7,557,116	1,843,484
Mortgage payable, net of current portion	1,520,341	1,606,816
Operating lease liabilities, net of current maturities	4,229	-0-
Total Non-Current Liabilities	<u>9,081,686</u>	<u>3,450,300</u>
Total Liabilities	<u>16,951,759</u>	<u>6,720,786</u>
Commitments and Contingencies (Notes 7, 8, 14, 15 and 16)		
Net Assets		
Without donor restrictions:		
Undesignated	7,532,352	7,125,222
Board designated reserve	6,612,482	5,025,000
Designated approved contracts and awarded grants	2,405,709	2,167,779
Total Without Donor Restrictions	<u>16,550,543</u>	<u>14,318,001</u>
With donor restrictions	2,156,600	1,610,868
Total Net Assets	<u>18,707,143</u>	<u>15,928,869</u>
Total Liabilities and Net Assets	<u><u>\$ 35,658,902</u></u>	<u><u>\$ 22,649,655</u></u>

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

CHESAPEAKE BAY TRUST
Statements of Activities
Years Ended June 30, 2023 and 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Federal, state and local grants and awards	\$ 15,573,963	\$ -0-	\$ 15,573,963
Contributions:			
Chesapeake Bay license plate	3,540,704	-0-	3,540,704
State tax check-off	427,799	-0-	427,799
Other	635,228	1,280,888	1,916,116
Special events, net of direct benefits to donors	95,340	-0-	95,340
Gifts-in-kind	42,726	-0-	42,726
Merchandise sales, net of cost of goods sold	5,682	-0-	5,682
Net investment return	1,342,089	-0-	1,342,089
Loss on disposal of property	(166)	-0-	(166)
Net assets released from restrictions:			
Satisfaction of program restrictions	735,156	(735,156)	-0-
Total Revenue, Support and Gains	22,398,521	545,732	22,944,253
Expenses			
Program services:			
Restoration program	9,966,990	-0-	9,966,990
Community Stewardship program	5,935,911	-0-	5,935,911
Environmental Education program	1,035,506	-0-	1,035,506
Program management	1,901,306	-0-	1,901,306
Total Program Services	18,839,713	-0-	18,839,713
Supporting services:			
Management and general	553,807	-0-	553,807
Fundraising	772,459	-0-	772,459
Total Supporting Services	1,326,266	-0-	1,326,266
Total Expenses	20,165,979	-0-	20,165,979
Change in Net Assets	2,232,542	545,732	2,778,274
Net Assets at Beginning of Year	14,318,001	1,610,868	15,928,869
Net Assets at End of Year	\$ 16,550,543	\$ 2,156,600	\$ 18,707,143

CHESAPEAKE BAY TRUST
Statements of Activities (Continued)
Years Ended June 30, 2023 and 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Federal, state and local grants and awards	\$ 9,283,444	\$ -0-	\$ 9,283,444
Contributions			
Chesapeake Bay license plate	3,457,297	-0-	3,457,297
State tax check-off	440,516	-0-	440,516
Other	513,242	1,133,666	1,646,908
Special events, net of direct benefit to donors	172,199	-0-	172,199
Gifts-in-kind	24,323	-0-	24,323
Merchandise, net of cost of goods sold	5,001	-0-	5,001
Net investment return	(1,478,993)	-0-	(1,478,993)
Loss on disposal of property	-0-	-0-	-0-
Net assets released from restrictions:			
Satisfaction of program restrictions	519,603	(519,603)	-0-
Total Revenue, Support and Gains	12,936,632	614,063	13,550,695
Expenses			
Program services			
Restoration program	6,686,163	-0-	6,686,163
Community Stewardship program	3,660,628	-0-	3,660,628
Environmental Education program	704,552	-0-	704,552
Program management	1,502,419	-0-	1,502,419
Total Program Services	12,553,762	-0-	12,553,762
Supporting services			
Management and general	510,675	-0-	510,675
Fundraising	753,484	-0-	753,484
Total Supporting Services	1,264,159	-0-	1,264,159
Total Expenses	13,817,921	-0-	13,817,921
Change in Net Assets	(881,289)	614,063	(267,226)
Net Assets at Beginning of Year	15,199,290	996,805	16,196,095
Net Assets at End of Year	\$ 14,318,001	\$ 1,610,868	\$ 15,928,869

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

CHESAPEAKE BAY TRUST
Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

	2023					
	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Cost of Goods Sold	Total
Personnel expenses:						
Salaries	\$ 1,238,235	\$ 360,671	\$ 329,811	\$ -0-	\$ -0-	\$ 1,928,717
Payroll taxes	113,133	32,953	30,133	-0-	-0-	176,219
Retirement	63,403	18,468	16,888	-0-	-0-	98,759
Other fringe benefits	121,997	35,534	32,494	-0-	-0-	190,025
Total personnel expenses	<u>1,536,768</u>	<u>447,626</u>	<u>409,326</u>	<u>-0-</u>	<u>-0-</u>	<u>2,393,720</u>
Programmatic initiatives (grants and other programs)	16,938,407	-0-	-0-	-0-	-0-	16,938,407
Development	-0-	-0-	151,762	49,844	-0-	201,606
Information technology	83,571	24,343	22,260	-0-	-0-	130,174
Professional fees	74,821	21,793	19,929	-0-	-0-	116,543
Marketing and communication	-0-	-0-	114,276	-0-	-0-	114,276
Depreciation and amortization	46,168	13,448	12,297	-0-	-0-	71,913
Interest	43,127	12,562	11,487	-0-	-0-	67,176
Office expense	27,131	7,903	7,227	-0-	-0-	42,261
Staff development	27,093	7,891	7,216	-0-	-0-	42,200
Insurance	13,628	3,969	3,630	-0-	-0-	21,227
Cost of goods sold, merchandise	-0-	-0-	-0-	-0-	20,204	20,204
Dues and memberships	10,272	2,992	2,736	-0-	-0-	16,000
Utilities	8,953	2,607	2,385	-0-	-0-	13,945
Meetings and conferences	6,370	1,855	1,696	-0-	-0-	9,921
Telecommunications	5,850	1,704	1,558	-0-	-0-	9,112
Travel expenses	5,545	1,615	1,477	-0-	-0-	8,637
Office supplies	4,710	1,373	1,253	-0-	-0-	7,336
Lease (rent) expense	4,445	1,295	1,184	-0-	-0-	6,924
Repairs and maintenance	1,487	433	396	-0-	-0-	2,316
Internal culture swag	931	271	248	-0-	-0-	1,450
Bank and merchant fees	436	127	116	-0-	-0-	679
Total Expenses	<u>18,839,713</u>	<u>553,807</u>	<u>772,459</u>	<u>49,844</u>	<u>20,204</u>	<u>20,236,027</u>
Less: Cost of goods sold, netted with merchandise sales in the statements of activities	-0-	-0-	-0-	-0-	(20,204)	(20,204)
Less: Cost of direct benefits to donors netted with special events revenue in the statements of activities	-0-	-0-	-0-	(49,844)	-0-	(49,844)
Total Expenses reported in the statements of activities	<u>\$ 18,839,713</u>	<u>\$ 553,807</u>	<u>\$ 772,459</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 20,165,979</u>

CHESAPEAKE BAY TRUST
Statements of Functional Expenses (Continued)
Years Ended June 30, 2023 and 2022

	2022					
	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Cost of Goods Sold	Total
Personnel expenses:						
Salaries	\$ 952,169	\$ 323,644	\$ 287,683	\$ -0-	\$ -0-	\$ 1,563,496
Payroll taxes	88,168	29,968	26,639	-0-	-0-	144,775
Retirement	51,280	17,430	15,494	-0-	-0-	84,204
Other fringe benefits	108,498	36,879	32,781	-0-	-0-	178,158
Total personnel expense	<u>1,200,115</u>	<u>407,921</u>	<u>362,597</u>	<u>-0-</u>	<u>-0-</u>	<u>1,970,633</u>
Programmatic initiatives (grants and other programs)	11,051,343	-0-	-0-	-0-	-0-	11,051,343
Development	-0-	-0-	174,263	86,606	-0-	260,869
Information technology	62,033	21,085	18,743	-0-	-0-	101,861
Professional fees	73,008	24,816	22,058	-0-	-0-	119,882
Marketing and communication	-0-	-0-	125,288	-0-	-0-	125,288
Depreciation and amortization	44,957	15,281	13,583	-0-	-0-	73,821
Interest	43,081	14,644	13,016	-0-	-0-	70,741
Office expense	6,985	2,375	2,111	-0-	-0-	11,471
Staff development	17,135	5,824	5,177	-0-	-0-	28,136
Insurance	12,586	4,278	3,803	-0-	-0-	20,667
Cost of goods sold, merchandise	-0-	-0-	-0-	-0-	15,951	15,951
Dues and memberships	9,744	3,312	2,944	-0-	-0-	16,000
Utilities	12,669	4,306	3,828	-0-	-0-	20,803
Meetings and conferences	1,123	382	339	-0-	-0-	1,844
Telecommunications	5,332	1,812	1,611	-0-	-0-	8,755
Travel expenses	2,622	891	793	-0-	-0-	4,306
Office supplies	3,186	1,083	962	-0-	-0-	5,231
Lease (rent) expense	3,924	1,333	1,185	-0-	-0-	6,442
Repairs and maintenance	1,730	588	522	-0-	-0-	2,840
Internal culture swag	2,146	729	648	-0-	-0-	3,523
Bank and merchant fees	43	15	13	-0-	-0-	71
Total Expenses	<u>12,553,762</u>	<u>510,675</u>	<u>753,484</u>	<u>86,606</u>	<u>15,951</u>	<u>13,920,478</u>
Less: Cost of goods sold, netted with merchandise sales in the statements of activities	-0-	-0-	-0-	-0-	(15,951)	(15,951)
Less: Cost of direct benefits to donors netted with special events revenue in the statements of activities	-0-	-0-	-0-	(86,606)	-0-	(86,606)
Total Expenses reported in the statements of activities	<u>\$ 12,553,762</u>	<u>\$ 510,675</u>	<u>\$ 753,484</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 13,817,921</u>

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

CHESAPEAKE BAY TRUST
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,778,274	\$ (267,226)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized loss (gain) on investments	98,690	(606,205)
Unrealized loss (gain) on investments	(741,005)	2,381,928
Donated stock contributions	(32,598)	(58,762)
Depreciation	71,074	72,982
Loss on disposal of property	166	-0-
Amortization (non-cash interest expense)	839	839
Non-cash government grant (PPP loan)	-0-	(29,716)
Changes in operating assets and liabilities:		
Federal, state and local grants and awards receivable	(576,420)	(367,258)
Contributions receivable	(106,703)	500,481
Interest receivable	(177)	1,529
Income taxes receivable	-0-	9,483
Other receivables	23,280	2,289
Prepaid expenses and other assets	68,452	(84,373)
Operating lease right-of-use assets	3,757	-0-
Accounts payable and accrued expenses	(67,103)	280,451
Salaries and benefits payable	63,186	(56,366)
Deferred revenue	10,291,511	950,958
Operating lease liabilities	(3,757)	-0-
Net Cash Provided by Operating Activities	<u>11,871,466</u>	<u>2,731,034</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(69,903)	(6,495)
Purchase of investments	(14,821,876)	(8,175,390)
Proceeds from sale of investments	3,002,278	3,377,514
Net Cash Used in Investing Activities	<u>(11,889,501)</u>	<u>(4,804,371)</u>
Cash Flows from Financing Activities		
Principal payments on mortgage payable	<u>(84,026)</u>	<u>(80,700)</u>
Net Decrease in Cash and Cash Equivalents	(102,061)	(2,154,037)
Cash and Cash Equivalents - Beginning of Year	<u>2,005,134</u>	<u>4,159,171</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,903,073</u>	<u>\$ 2,005,134</u>

CHESAPEAKE BAY TRUST
Statements of Cash Flows (Continued)
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Supplemental Disclosure of Cash Flow Information:		
Interest paid	<u>\$ 67,176</u>	<u>\$ 70,741</u>
Operating cash flows for amounts paid included in the measurement of lease liabilities	<u>\$ 4,026</u>	<u>\$ -0-</u>
Non-cash Operating Activities:		
Right-of-use assets and lease liabilities acquired under operating leases	<u>\$ 11,539</u>	<u>\$ -0-</u>
Noncash Investing and Financing Activities:		
Acquisitions of property	<u>\$ 88,687</u>	<u>\$ 27,572</u>
Less: Change in property-related accounts payable	<u>(18,784)</u>	<u>(21,077)</u>
Cash paid for acquisitions of property (included in cash flows from investing activities)	<u>\$ 69,903</u>	<u>\$ 6,495</u>

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

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies

Chesapeake Bay Trust (the Trust) is a body corporate that was created July 1, 1985, by the General Assembly of the State of Maryland (the State). The Trust was organized for the general benefit of the residents of Maryland and has the statutory mission to solicit and accept gifts, grants, legacies and endowments for the advancement, restoration and protection of the water quality, land and aquatic resources of the Chesapeake Bay.

The Trust is a grant-making organization dedicated to improving the Chesapeake Bay and its rivers through three major programs:

Restoration: Encouraging outreach and community engagement activities that increase stewardship ethic of natural resources and on-the-ground restoration activities that demonstrate techniques and engaging residents in the restoration and protection of the Chesapeake Bay and its rivers.

Community Stewardship: Increasing public awareness and involvement in activities that restore and promote Maryland's natural resources.

Environmental Education: Striving to advance kindergarten through twelfth grade environmental education through experimental learning, outdoor experiences and curriculum development.

The Trust's support comes primarily from the following sources: 1) proceeds from the State from the sale and renewal of Chesapeake Bay license plates; 2) a Maryland state income tax check-off; and 3) federal, state and local grants and contributions.

The accounting and reporting policies of the Trust conform to accounting principles generally accepted in the United States of America (GAAP). Following is a description of the most significant of those policies:

Basis of Accounting: The financial statements are prepared on the accrual basis of accounting in accordance with GAAP for not-for-profit organizations.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the statement of financial position date and the reported amounts of revenue, support and expenses during the reporting period. Management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that the estimates and assumptions are reasonable under the circumstances; however, the actual results could differ from those estimates.

Cash and Cash Equivalents: The Trust classifies certain investments which are readily convertible to cash and which have a maturity date of three months or less when purchased as cash and cash equivalents. Cash and cash equivalents designated and held for investment purposes are included in investments and are not considered cash and cash equivalents for cash flow purposes.

Federal, State and Local Grants and Awards Receivable: Federal, state and local grants and awards receivable represents amounts due from grantors on cost reimbursement grants and awards. All grants and awards receivable are considered fully collectible at June 30, 2023 and 2022.

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Contributions Receivable: Contributions receivable are unconditional promises to give that are recorded as contributions when the promise is received. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Management has recorded an allowance for uncollectible contributions receivable of \$6,950 and \$12,749 as of June 30, 2023 and 2022, respectively.

Investments: Investments with readily determinable fair values are reported at fair value in the statements of financial position. Investments, whose fair values are not readily determinable, are recorded at cost. 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. Realized and unrealized gains and losses on investments for the year are reported in the statements of activities as part of net investment return.

Property and Equipment: Property and equipment is stated at cost or, if donated, at fair market value at the date of the gift, less accumulated depreciation. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of fixed assets are capitalized. It is the Trust's policy to capitalize all property acquisitions in excess of \$1,000 having useful lives of more than one year. Depreciation is computed using the straight-line method, with half-year depreciation in the year of acquisition, over the estimated useful lives of the assets as follows:

Building and improvements	7-40 years
Furniture and equipment	5-7 years

Deferred Financing Costs: Deferred financing costs represent the costs incurred to obtain financing (see Note 8) which are being amortized on a straight-line basis over the term of the applicable debt obligation and charged to interest expense. GAAP requires that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Under GAAP, debt issuance costs related to the recognized debt liability are required to be presented in the statements of financial position as a direct reduction from the carrying amount of the debt liability. In December 2020, the Trust refinanced the mortgage and incurred financing costs of \$10,275. As a result of this refinancing, the Trust wrote off the remaining unamortized deferred financing costs of \$8,640 related to the original mortgage. Total amortization of deferred financing costs for both years ended June 30, 2023 and 2022 was \$839. As of June 30, 2023 and 2022, the accumulated amortization of deferred financing costs was \$2,097 and \$1,258, respectively.

Deferred Revenue: Deferred revenue represents funds received in advance under cost-reimbursement grants and awards. Funds received in advance are deferred to the applicable period in which the expenditures are incurred, or the related services are performed, respectively.

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Net Assets: Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a reserve for future needs.

Net Assets with Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition: The Trust derives revenue primarily from grants and awards, contributions, special events, merchandise sales, net investment return and rental income. Special events, merchandise sales, investment income and rental income are recognized as revenue when earned. Grants and awards revenue is recognized when the qualifying costs are incurred for cost reimbursement grants or when the service is provided for awards. Contributions, including unconditional promises to give, are recognized when received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions: Contributions received are recorded without donor restrictions or with donor restriction support depending on the existence and/or nature of any donor restrictions.

Recognition of Donor Restrictions: All donor-restricted support is reported as an increase in net assets with donor restrictions. Upon the expiration of a temporary restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statements of activities.

Gifts-In-Kind: Gifts-in-kind include donated commodities, services, and advertising. Donated commodities, which include auction items, are recorded at their estimated fair market value on the date of receipt. The Trust received donated auction items of \$13,064 and \$16,395 for the years ended June 30, 2023 and 2022, respectively, which were used in its fundraising event.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Trust. Donated services are valued at a comparable fair market value billing rates times the number of hours provided. The Trust received donated consulting services of \$4,988 and \$4,875 for the years ended June 30, 2023 and 2022, respectively, which were allocated among their respective functional classification of expenses. The Trust also received \$1,500 of donated design services for the year ended June 30, 2022, which were used in its fundraising activities.

Donated advertising is valued at the standard fair market value for such advertising. The Trust received donated advertising of \$24,674 and \$1,553 for the years ended June 30, 2023 and 2022, respectively, which was used in its fundraising activities.

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

A substantial number of unpaid volunteers have made significant contributions of their time and services to the Trust. The value of this contributed time is not recorded as a contribution in these financial statements since the recognition criteria was not met.

Functional Allocation of Expenses: The costs of providing various programs and other support activities have been summarized on a functional basis in the statements of activities and by natural classification in the statements of functional expenses. Costs that can be identified with specific programs or support services are allocated directly. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated based on estimates of time and effort.

Advertising: Advertising costs are charged to operations when incurred. The Trust had no significant direct-response advertising. Advertising expense for the years ended June 30, 2023 and 2022 totaled \$59,570 and \$103,236, respectively, and is included in marketing and communication on the statements of functional expenses.

Income Taxes: The Trust has been recognized by the Internal Revenue Service (IRS) as a tax-exempt organization, as defined by Section 501(c)(3) of the Internal Revenue Code (IRC), that is publicly supported and, therefore, not a private foundation. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Trust had no unrelated business income for the years ended June 30, 2023 and 2022. Accordingly, no provision for income taxes is reflected in these financial statements.

The Trust's federal exempt organization tax returns are subject to examination by the IRS, generally for a period of three years after the returns are filed.

Recently Adopted Accounting Standard: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASC 842) which was effective for fiscal years beginning after December 15, 2021. The distinction between finance leases and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous guidance for leases. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-of-use (ROU) asset and a related liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including any payments to be made in lease option periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The ROU assets will be expensed over the term of the lease and the lease liabilities will be reduced by lease payments. The Trust has adopted the new lease standard effective as of July 1, 2022.

The Trust evaluates each contract and determines if an arrangement contains a lease at the inception of a contract. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage are not included in the ROU assets or lease liabilities. These are expensed as incurred. The Trust has elected not to record short-term leases with initial contract terms of 12 months or less on the statements of financial position. The Trust has elected to use the risk-free rate to discount the lease payments for all classes of ROU assets.

As part of the adoption of the new lease standard, the Trust has elected the following practical expedients: a) the Trust has not reevaluated expiring or existing leases to determine lease classification, b) the Trust has not reevaluated whether expired or existing contracts are or contain a lease and c) the Trust has not reassessed initial direct costs for an existing lease.

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncement: The FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* (ASC 326) which is effective for fiscal years beginning after December 15, 2022. This ASU requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable reportable forecasts. The new guidance affects trade receivables and any other financial asset not excluded from the scope that have the contractual right to receive cash. The Trust has elected not to early adopt this standard and will assess the future impact of credit losses on the financial statements.

Reclassifications: Certain amounts previously reported in the 2022 financial statements have been reclassified to conform to financial statement presentation for the year ended June 30, 2023.

Subsequent Events: In preparing these financial statements, the Trust has evaluated events and transactions for the potential recognition or disclosure through November 20, 2023, the date the financial statements were available to be issued. During the period from July 1, 2023 through November 20, 2023, the Trust did not have any material reportable subsequent events.

Note 2: Liquidity and Availability of Funds

A summary of the financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date consisted of the following:

	2023	2022
Cash and cash equivalents	\$ 1,903,073	\$ 2,005,134
Federal, state and local grants and awards receivable	2,941,412	2,364,992
Contributions receivable, current	938,794	821,132
Interest receivable	14,634	14,457
Other receivables	7,319	30,599
Investments, current	26,221,895	13,765,300
Less: Net assets without donor restrictions, board designated reserve	(6,612,482)	(5,025,000)
Less: Amounts not available within one year (long term deferred revenue)	(7,557,116)	(1,843,484)
Financial Assets Available for General Expenditure	<u>\$ 17,857,529</u>	<u>\$ 12,133,130</u>

As part of the Trust's liquidity management plan, the Trust invests cash in excess of daily requirements in short-term investments and money market funds. The Board of Trustees (the Board) of the Trust has designated certain investments to be held for future operations of the Trust (see Note 11). Even though there is no intent of the Board to remove this designation, the Board could make these amounts available, as necessary. The amount designated for future operations and not included within the liquidity calculation as of June 30, 2023 and 2022 was \$6,612,482 and \$5,025,000, respectively.

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 3: Contributions Receivable

Contributions receivable consisted of the following at June 30, 2023 and 2022:

	2023	2022
Chesapeake Bay license plate revenue receivable	\$ 683,730	\$ 557,657
Tax check-off revenue receivable	225,930	202,686
Promises to give (capital campaign)	35,007	76,856
Promises to give (endowment)	34,493	50,644
Promises to give (other)	13,477	3,742
Total contributions receivable before net present value and allowance for uncollectible promises to give adjustments	<u>\$ 992,637</u>	<u>\$ 891,585</u>
	2023	2022
Receivables in less than one year	\$ 954,137	\$ 842,335
Receivables in one to five years	38,500	49,250
Total unconditional promises to give	992,637	891,585
Less: Discount to net present value (2.99% -5.43% effective rate)	(2,655)	(2,507)
Less: Allowance for uncollectible promises to give	(6,950)	(12,749)
Total contributions receivable, net	983,032	876,329
Less: Long-term and restricted contributions receivable, net	44,238	55,197
Contributions receivable, (current), net	<u>\$ 938,794</u>	<u>\$ 821,132</u>

Note 4: Investments

The Trust's investment portfolio at June 30, 2023 and 2022 consisted of the following:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 16,528,129	\$ 16,528,129	\$ 4,780,492	\$ 4,780,492
Mutual funds, equities	5,720,138	5,004,596	4,618,999	4,552,239
U.S. Treasury obligations	1,316,196	1,465,281	1,325,242	1,428,907
Corporate obligations	1,036,896	1,153,336	1,189,817	1,324,982
Exchange traded funds	949,084	692,428	1,505,079	1,389,361
U.S. Government agency bonds	942,499	991,709	461,875	507,851
Municipal bonds	173,576	175,000	290,503	290,863
	<u>\$ 26,666,518</u>	<u>\$ 26,010,479</u>	<u>\$ 14,172,007</u>	<u>\$ 14,274,695</u>
Investments, non-current, held for endowment fund	\$ 444,623		\$ 406,707	
Investments, current	<u>26,221,895</u>		<u>13,765,300</u>	
Total Investments	<u>\$ 26,666,518</u>		<u>\$ 14,172,007</u>	

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 4: Investments (Continued)

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

	2023	2022
Interest income	\$ 730,810	\$ 329,651
Realized gain (loss) on investments	(98,690)	606,205
Unrealized gain (loss) on investments	741,005	(2,381,928)
Investment expenses	(31,036)	(32,921)
	\$ 1,342,089	\$ (1,478,993)

Note 5: Fair Value Measurement

GAAP establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by the Trust include the following:

Money Market Funds: Valued at original cost, which approximates fair value.

Mutual Funds and Exchange Traded Funds: Mutual funds are valued at the last sales price reported in the active market in which the individual fund is traded. Exchange traded funds are valued at the time of bid.

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 5: Fair Value Measurement (Continued)

U.S. Treasury Obligations, U.S. Government Agency Bonds, Municipal Bonds and Corporate Obligations: Valued using inputs such as benchmark yields, reported trades, broker/dealer quotes and issuer spreads.

determining the appropriate levels, the Trust performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

The table below represent the assets measured at fair value on a recurring basis by level within the hierarchy, as of June 30, 2023:

June 30, 2023	Total	Level 1	Level 2	Level 3
Money market funds	\$ 16,528,129	\$ 16,528,129	\$ -0-	\$ -0-
Mutual funds, equities	5,720,138	5,720,138	-0-	-0-
U.S. Treasury obligations	1,316,196	-0-	1,316,196	-0-
Corporate obligations	1,036,896	-0-	1,036,896	-0-
Exchange traded funds	949,084	949,084	-0-	-0-
U.S. Government agency bonds	942,499	-0-	942,499	-0-
Municipal bonds	173,576	-0-	173,576	-0-
	<u>\$ 26,666,518</u>	<u>\$ 23,197,351</u>	<u>\$ 3,469,167</u>	<u>\$ -0-</u>

The table below represent the assets measured at fair value on a recurring basis by level within the hierarchy, as of June 30, 2022:

June 30, 2022	Total	Level 1	Level 2	Level 3
Money market funds	\$ 4,780,492	\$ 4,780,492	\$ -0-	\$ -0-
Mutual funds, equities	4,618,999	4,618,999	-0-	-0-
Exchange traded funds	1,505,079	1,505,079	-0-	-0-
U.S. Treasury obligations	1,325,242	-0-	1,325,242	-0-
Corporate obligations	1,189,817	-0-	1,189,817	-0-
U.S. Government agency bonds	461,875	-0-	461,875	-0-
Municipal bonds	290,503	-0-	290,503	-0-
	<u>\$ 14,172,007</u>	<u>\$ 10,904,570</u>	<u>\$ 3,267,437</u>	<u>\$ -0-</u>

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 6: Property and Equipment

Property and equipment consisted of the following:

	2023	2022
Land	\$ 618,900	\$ 618,900
Building and improvements	2,634,321	2,634,321
Furniture and equipment	99,841	107,613
Construction in progress	109,764	21,077
	3,462,826	3,381,911
Less: Accumulated depreciation	(392,607)	(329,139)
	\$ 3,070,219	\$ 3,052,772

Depreciation expense for the years ended June 30, 2023 and 2022 was \$71,074 and \$72,982, respectively.

Note 7: Leases

The Trust leases copier and other office equipment under various non-cancelable lease agreements which expire between December 2023 and February 2025. Upon the adoption of ASC 842, the Trust recorded right-of-use assets of \$7,475, which are being expensed over the life of the leases and off-setting lease liabilities of \$7,475.

In November 2022, the Trust entered into a non-cancelable lease agreement for a postage machine which expires in October 2027. The Trust has recorded a right-of-use asset of \$4,064, which is being expensed over the life of the lease and an off-setting lease liability of \$4,064 as of November 1, 2022.

While all lease agreements provide for minimum lease payments, some include variable payments which are primarily based on output of the underlying leased assets. Variable payments are not determinable at the lease commencement and not included in the measurement of the right-of-use assets and liabilities.

The Trust's total lease expense for the year ended June 30, 2023 was as follows:

Fixed lease costs	\$ 4,284
Variable lease costs	2,640
Total lease expense	\$ 6,924

Prior to the adoption of ASC 842, the Trust's total rent expense for the year ended June 30, 2022 was as follows:

Fixed rent costs	\$ 4,199
Variable rent costs	2,243
Total lease expense	\$ 6,442

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 7: Leases (Continued)

As of June 30, 2023, the right-of-use assets and operating lease liabilities related to operating leases were as follows:

Operating lease right-of-use assets	<u>\$ 7,782</u>
Operating lease liabilities:	
Current maturities of operating lease liabilities	\$ 3,553
Operating lease liabilities, net of current maturities	<u>4,229</u>
Total operating lease liabilities	<u>\$ 7,782</u>

Other operating lease details are as follows:

Other information:	
Weighted average remaining lease term in years	2.8
Weighted average discount rate	3.51%

As of June 30, 2023, the future minimum lease payments under operating leases are as follows:

Year ending June 30,	
2024	\$ 3,760
2025	2,337
2026	901
2027	901
2028	<u>299</u>
Total	8,198
Less: Amount representing interest (2.82% - 4.25%)	<u>(416)</u>
Present value of future minimum lease payments	<u>\$ 7,782</u>

Note 8: Mortgage Payable

Mortgage payable consisted of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Mortgage payable to Sandy Spring Bank	\$ 1,614,975	\$ 1,699,001
Less: Unamortized deferred financing costs	<u>8,178</u>	<u>9,017</u>
Note payable, net	1,606,797	1,689,984
Less: Current maturities	<u>86,456</u>	<u>83,168</u>
Mortgage payable, net of current maturities	<u>\$ 1,520,341</u>	<u>\$ 1,606,816</u>

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 8: Mortgage Payable (Continued)

On March 28, 2018, the Trust entered into a mortgage with Sandy Spring Bank in the amount of \$2,000,000 to purchase property. The mortgage is payable in monthly principal and interest payments of \$12,600. Interest is calculated at a fixed per annum rate of 3.99%. The mortgage is scheduled to mature on March 28, 2033. The mortgage is subject to prepayment penalties and fees at varying rates if the mortgage is paid in whole or in part prior to the maturity date. The mortgage is secured by a first lien on the property located in Annapolis, Maryland.

The aggregate annual maturities of the mortgage payable and the amortization of unamortized deferred financing costs for each of the years subsequent to June 30, 2023 are as follows:

Year ending June 30,	Mortgage Payable	Deferred Financing Costs	Total
2024	\$ 87,295	\$ (839)	\$ 86,456
2025	91,067	(839)	90,228
2026	94,820	(839)	93,981
2027	98,728	(839)	97,889
2028	102,665	(839)	101,826
Thereafter	1,140,400	(3,983)	1,136,417
	<u>\$ 1,614,975</u>	<u>\$ (8,178)</u>	<u>\$ 1,606,797</u>

Interest expense for the years ended June 30, 2023 and 2022 was \$67,176 and \$70,741, respectively, which does not include the amortization of deferred financing costs of \$839 for both the years ended June 30, 2023 and 2022.

Note 9: Deferred Revenue (Paycheck Protection Program Loan)

The Trust applied for and received funds in the amount of \$307,192 under the Paycheck Protection Program (PPP), which was created as a result of the coronavirus pandemic. The proceeds were considered a forgivable loan, assuming certain qualified expenses, primarily payroll related expenses, were incurred during the period of eight-weeks to 24-weeks, commencing on the date of the loan agreement (April 19, 2020). Any portion of this loan that did not qualify for forgiveness was subject to an interest rate of 1%. The original loan document required monthly principal installments plus interest over an eighteen-month period commencing on December 19, 2020 with a maturity date of April 19, 2022. However, the repayment of principal period was extended until 10 months after the periods of eight-weeks to 24-weeks. During the year ended June 30, 2020, the Trust determined the PPP loan was overfunded by \$29,716 and returned these funds to the bank. Therefore at June 30, 2020, this PPP loan balance of \$277,476 was reflected as deferred revenue.

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 9: Deferred Revenue (Paycheck Protection Program Loan) (Continued)

During the loan forgiveness process in fiscal 2021, the bank and the Trust determined there were qualifying expenditures to support the additional funding of \$29,716 and therefore the bank returned these funds to the Trust. The Trust applied for and received 100% forgiveness of the original proceeds of \$277,476 on March 1, 2021, and therefore, this loan forgiveness of \$277,476 was recognized as grant revenue during the year ended June 30, 2021. The additional \$29,716 that was received was presented as deferred revenue as of June 30, 2021 on the statements of financial position.

The Trust applied for and received 100% forgiveness of the additional \$29,716 on August 22, 2021, and therefore, this loan forgiveness of \$29,716 has been recognized as grant revenue during the year ended June 30, 2022.

Note 10: Compensated Absences

Employees accumulate leave based on years of service. Upon termination, employees are paid for annual leave, holiday and compensatory leave. Employees may be entitled to be paid for annual leave up to a maximum of 75 days plus any annual leave earned and unused in the year up to the date of separation. Employees may also be entitled to be paid for compensatory leave. Any remaining hours over the stipulated maximum will be forfeited. As of June 30, 2023 and 2022, accrued compensated absences were \$243,433 and \$193,416, respectively, and are included in salaries and benefits payable on the statements of financial position. See Note 14 for the Inter-Agency Agreement.

Note 11: Net Assets Without Donor Restrictions

Board Designated Reserve: The Trust's Board has established a designated reserve of \$6,500,000 and \$5,000,000, as of June 30, 2023 and 2022, respectively, to help perpetuate the existence of the Trust and protect against future conditions which may alter its ability to support Chesapeake Bay restoration, community stewardship and educational projects. This reserve is a result of an internal designation and not restrictions placed by donors. Accordingly, income earned on investments related to the designated reserve is not designated and is used by the Trust to fund annual operating expenses.

Per the Board approved gift acceptance policy, any future unrestricted bequests received by the Trust will be added to the board designated reserve.

Net assets under the board designated reserve consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Operating reserve, general	\$ 6,500,000	\$ 5,000,000
Operating reserve, bequests	102,482	25,000
Building reserve	10,000	-0-
	<u>\$ 6,612,482</u>	<u>\$ 5,025,000</u>

Approved Contracts and Awarded Grants: The Board of Trustees and management have also designated net assets for approved contracts and awarded grants. At June 30, 2023 and 2022, amounts designated were \$2,405,709 and \$2,167,779, respectively.

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 12: Net Assets with Donor Restrictions

The Trust has several restricted funds, some which may be expended but only for the purpose specified by the respective donors. Net assets with donor restrictions were available for the following purposes as of June 30, 2023:

	2022	Current Year Activity		2023
		Contributions	Released From Restrictions	
Subject to expenditure for a specified purpose:				
Community stewardship program	\$ 714,713	\$ 1,046,649	\$ (634,069)	\$ 1,127,293
Environmental education	138,087	150,000	(101,087)	187,000
Building campaign	307,637	60,484	-0-	368,121
	<u>1,160,437</u>	<u>1,257,133</u>	<u>(735,156)</u>	<u>1,682,414</u>
Subject to spending policy or appropriation:				
Endowment fund	450,431	23,755	-0-	474,186
	<u>\$ 1,610,868</u>	<u>\$ 1,280,888</u>	<u>\$ (735,156)</u>	<u>\$ 2,156,600</u>

Net assets with donor restrictions were available for the following purposes as of June 30, 2022:

	2021	Prior Year Activity		2022
		Contributions	Released From Restrictions	
Subject to expenditure for a specified purpose:				
Community stewardship program	\$ 279,121	\$ 845,282	\$ (409,690)	\$ 714,713
Environmental education	98,000	150,000	(109,913)	138,087
Building campaign	272,578	35,059	-0-	307,637
	<u>649,699</u>	<u>1,030,341</u>	<u>(519,603)</u>	<u>1,160,437</u>
Subject to spending policy or appropriation:				
Endowment fund	347,106	103,325	-0-	450,431
	<u>\$ 996,805</u>	<u>\$ 1,133,666</u>	<u>\$ (519,603)</u>	<u>\$ 1,610,868</u>

The Trust's net assets with donor restrictions subject to spending policy or appropriation is comprised of an endowment fund, of which the original principal of the fund may not be expended. The income earned on the endowment fund, including appreciation, is expendable but only for the purpose established by the respective donors. If no purpose is stipulated by the donor, the income earned is considered available for use as determined by the Trust.

FASB issued guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The State of Maryland has enacted UPMIFA. This guidance also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

Note 12: Net Assets with Donor Restrictions (Continued)

The board of trustees of the Trust has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Trust classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original 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 donor-restricted endowment fund that is not classified as net assets with donor restrictions, that are perpetual in nature, is classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by the Trust in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Trust considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of 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, and (6) other resources of the Trust.

Investment Return Objectives, Risk Parameters and Strategies

The Trust has adopted investment and spending policies, approved by the board of trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment fund while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of not more than 5%, while growing the funds if possible. Therefore, the Society expects its endowment assets, over time, to produce an average annual rate of return that is higher than the inflation rate in order to maintain the purchasing power of the endowment fund. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Trust has a policy of appropriating for distribution each year not more than 5% of a rolling three-year average of the endowment fund's fair value. In establishing this policy, the Trust considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Trust expects the current spending policy to allow its endowment fund to grow. This is consistent with the Trust's objective is to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 13: Maryland State Income Tax Check-Off and Chesapeake Bay License Plate Contributions

Maryland taxpayers can elect to make charitable contributions with the filing of their State income returns. Such contributions are distributed equally between the Trust and the Wildlife and Heritage Division of Maryland Department of Natural Resources. Contributions allocated to the Trust under this program amounted to \$427,799 and \$440,516 for the years ended June 30, 2023 and 2022, respectively. This program continues through the upcoming fiscal year.

Residents of the State may also purchase the Chesapeake Bay commemorative license plates for their vehicle for a total amount of \$20, of which \$10 goes directly to the Trust. Contributions allocated to the Trust under this program amounted to \$582,923 and \$592,192 for the years ended June 30, 2023 and 2022, respectively. The Trust also receives the renewal fees collected by the Maryland Vehicle Administration when the Chesapeake Bay commemorative license plates are renewed. The Trust received \$2,957,781 and \$2,865,105 in plate renewal fees during the years ended June 30, 2023 and 2022, respectively.

Note 14: Inter-Agency Agreement

The Trust entered into an Inter-Agency Agreement with the Maryland Environmental Services (MES) whereby MES hires employees, who are assigned to the Trust, to provide administrative and management services. Under this agreement, the Trust has agreed to fully reimburse MES for all salaries, benefits and other employee related costs associated with providing these employees. This agreement can be terminated by either party at any time upon a thirty-day written notice.

Note 15: Retirement Plan

As part of the Inter-Agency Agreement, the employees assigned to the Trust participate in the MES 401(k) retirement plan (the Plan). Under the terms of the Plan, employees are eligible to participate in the Plan upon hire if they are a full-time or part-time employee working at least 1,000 hours per year, as defined in the MES employee handbook. Participating employees may elect to contribute pre-tax dollars into the plan not to exceed the maximum contribution allowable under applicable provisions of the IRC. Employees are automatically enrolled in the plan with a minimum 3% employee deferral that increases 1% annually until a maximum of 6% is reached. Employees can change or opt out of the automatic increase at any time. The Trust makes employer contributions to the Plan for participating employees equal to a minimum of 3% of gross payroll earnings with a maximum up to 6% depending on each employee's deferral percentage. Total retirement expense for the years ended June 30, 2023 and 2022 was \$98,759 and \$84,204, respectively.

Note 16: Contract and Grant Commitments

At June 30, 2023 and 2022, the Trust has conditionally awarded contracts and grants to organizations in the amounts of \$16,456,136 and \$13,257,809, respectively. These organizations must meet certain criteria to receive the awarded grant and/or contract funding.

CHESAPEAKE BAY TRUST
Notes to Financial Statements
June 30, 2023 and 2022

Note 17: Related Party Transactions

The Trust awarded several grants or contracts during the years ended June 30, 2023 and 2022 to organizations related to the Trust, primarily through common board membership. A trustee who has an actual or potential conflict of interest with respect to a proposed action or transaction of the Trust is not present during deliberations and does not participate in the decision making of the Trust with respect to such action or transaction. The disinterested members of the Board of Trustees may approve the proposed action or transaction upon concluding that it is in the best interest of the Trust.

Note 18: Conditional Grants and Appropriations

The Trust has received conditional grants from various sources in the amount of \$72,833,642, which can only be earned by incurring qualifying expenses under the respective grant programs. As of June 30, 2023, the Trust has earned \$46,531,041 of these grants which have been recognized as revenue during the current and prior years. The outstanding balance of these conditional grants was \$26,302,601 as of June 30, 2023, which will be recognized as revenue when the conditions of the grants have been met.

During the year ended June 30, 2022, the Trust signed a Memorandum of Agreement with the Maryland Department of the Environment to administer the Urban Trees Program. The goal of this program is to plant 5,000,000 sustainable trees that are native to Maryland, with 10% focused in urban underserved areas, by the year ended June 30, 2031. The Trust received \$10,000,000 in July 2022, with additional funds to be appropriated in the Maryland State budget each subsequent year until May 2027.

Note 19: Other Matters

Uninsured Balances: The Trust maintains its cash balances at various financial institutions. Periodically during the year, the Trust's cash balances may exceed federally insured limits. The Trust has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash balances.

Investment Risk: The Trust invests in a professionally managed portfolio that may contain U.S. Treasury obligations, U.S. Government agency bonds, corporate obligations, mutual funds and other investments. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Construction Commitment: The Trust has entered into a contract with an Architect firm related to the planned renovations of the building. The expected fees under this contract are expected to be approximately \$189,000. As of June 30, 2023, the Trust has incurred costs under this contract of approximately \$108,000.

Unconditional Promise to Give: The Trust has been notified that it has been named a beneficiary of an estate. Based on preliminary information provided to the Trust, this estate could be valued at approximately \$600,000. However, a significant portion of the estate's assets are comprised of investment brokerage accounts and a pension account. The actual value of these accounts cannot be reasonably determined or projected until final valuation is performed by the estate. Therefore, due to the uncertainty of the amount that will actually be received by the Trust and the timeframe for the distributions from the estate, this estate has not been recorded in these financial statements.

CHESAPEAKE BAY TRUST
SUPPLEMENTARY INFORMATION
JUNE 30, 2023 AND 2022

CHESAPEAKE BAY TRUST
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Grant Number/ Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures (Allowable)
U.S. Department of Commerce				
National Oceanic & Atmospheric Administration (NOAA) Chesapeake Bay Studies	11.457	NA20NMF4570230	\$ 208,394	\$ 358,205
National Oceanic & Atmospheric Administration (NOAA) Passed through State of Maryland Department of Natural Resources Office for Coastal Management	11.473	14-23-4044 CZM IJJA Capacity 043	-0-	323
Total U.S. Department of Commerce			<u>208,394</u>	<u>358,528</u>
U.S. Department of the Interior				
National Park Service Youth and Veteran Organizations Conservation Activities	15.931	P20AC00393	-0-	117,115
U.S. Fish and Wildlife Service Passed through Maryland Department of Natural Resources Sport Fish Restoration	15.605	14-23-3096ARE	33,950	35,000
Total U.S. Department of the Interior			<u>33,950</u>	<u>152,115</u>
U.S. Environmental Protection Agency				
Geographic Programs - Chesapeake Bay Program	66.466	CB-96341401 CB-96367101 CB-96374201	-0- 97,509 -0-	24,901 122,143 754,265
Passed through National Fish and Wildlife Foundation Geographic Programs - Chesapeake Bay Program	66.466	0600.20.070304	232,723	532,662
Passed through Maryland Department of Natural Resources Geographic Programs - Chesapeake Bay Program	66.466	14-19-2553 CBG 8501 14-20-2704 CBG 8501 14-21-2811 CBG 8501 14-21-2812 CBG 8501 14-22-2998 CBG 8501	130,036 107,930 50,692 290,901 -0-	131,350 110,133 50,692 296,838 162,857
Passed through Maryland Department of the Environment Geographic Programs - Chesapeake Bay Program	66.466	U00P9400832/ U00P1600636	614,715	633,728
Passed through District of Columbia Department of Energy & Environment Geographic Programs - Chesapeake Bay Program	66.466	676368	112,250	175,299
Total Geographic Programs - Chesapeake Bay Program			<u>1,636,756</u>	<u>2,994,868</u>

CHESAPEAKE BAY TRUST
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Grant Number/ Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures (Allowable)
U.S. Environmental Protection Agency (Continued)				
Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants	66.964	95309901 96387301	-0- 330,710	18,661 337,459
Passed through Maryland Department of Natural Resources Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants	66.964	14-22-3009 CBG 9001 14-23-4013 CBG 9001	219,707 537,118	219,707 537,118
Passed through District of Columbia Department of Energy & Environment Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants	66.964	672689	28,200	29,355
Passed through Maryland Department of the Environment Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants	66.964	U00P3600685	-0-	323
Pass-through from West Virginia Department of Environmental Protection Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants	66.964	95300301	100,772	124,326
Total Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants			<u>1,216,507</u>	<u>1,266,949</u>
Total U.S. Environmental Protection Agency			<u>2,853,263</u>	<u>4,261,817</u>
Total Expenditures of Federal Awards			<u>\$ 3,095,607</u>	<u>\$ 4,772,460</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

CHESEAPEAKE BAY TRUST
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant award activity of Chesapeake Bay Trust under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Chesapeake Bay Trust, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Chesapeake Bay Trust.

Note B: 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.

Note C: Indirect Cost Rate

Chesapeake Bay Trust has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance on a grant-by-grant basis. Grants that Chesapeake Bay Trust does not elect to use the 10% de minimis indirect cost rate under the Uniform Guidance are charged other various indirect cost rates, not to exceed 10%, as defined in the grant agreements.

**Independent Auditor’s 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**

To the Board of Trustees
Chesapeake Bay Trust

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 Chesapeake Bay Trust, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report dated November 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chesapeake Bay Trust’s internal control over financial reporting (internal control) as a basis for designing 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 Chesapeake Bay Trust’s internal control. Accordingly, we do not express an opinion on the effectiveness of Chesapeake Bay Trust’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.

Independent Auditor's 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 (Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chesapeake Bay Trust's financial statements are free of 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 financial statements. 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.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
November 20, 2023

**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance
Required by The Uniform Guidance**

To the Board of Trustees
Chesapeake Bay Trust

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Chesapeake Bay Trust's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Chesapeake Bay Trust's major federal programs for the year ended June 30, 2023. Chesapeake Bay Trust's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Chesapeake Bay Trust complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Chesapeake Bay Trust and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Chesapeake Bay Trust's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Chesapeake Bay Trust's federal programs.

**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance
Required by the Uniform Guidance (Continued)**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Chesapeake Bay Trust's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Chesapeake Bay Trust's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Chesapeake Bay Trust's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Chesapeake Bay Trust's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Chesapeake Bay Trust's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance
Required by the Uniform Guidance (Continued)**

Report on 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
November 20, 2023

CHESAPEAKE BAY TRUST
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Chesapeake Bay Trust were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of Chesapeake Bay Trust which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses related to internal control over major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Chesapeake Bay Trust expresses an unmodified opinion of all major federal award programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as major program was the Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants (Assistance Listing #66.964).
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Chesapeake Bay Trust qualified as a low-risk auditee as defined by the Uniform Guidance.

CHESAPEAKE BAY TRUST
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

Findings - Financial Statement Audit

None.

Findings and Questioned Costs - Major Federal Award Program Audit

None.

Summary Schedule of Prior Audit Findings

None.

