

**SAVE THE SOUND, INC.**

**AUDIT OF FINANCIAL STATEMENTS  
AND SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**SEPTEMBER 30, 2024 AND 2023**

SAVE THE SOUND, INC.

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## INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
Save the Sound, Inc.  
New Haven, Connecticut

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Save The Sound, Inc. ("Save the Sound"), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Save the Sound as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Adjustments to the 2023 Financial Statements***

The financial statements of Save the Sound as of September 30, 2023, were audited by other auditors whose report dated April 24, 2024, expressed an unmodified opinion on those financial statements. As more fully described in Note 17 to the 2024 financial statements, Save the Sound has restated its 2023 financial statements during the current year as a result of the correction of errors. The other auditors reported on the 2023 financial statements before the restatement.

As part of our audit of the 2024 financial statements, we also audited the adjustments described in Note 17 that were applied to restate the 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 financial statements of Save the Sound other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2023 financial statements as a whole.

## ***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 Save the Sound's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Save the Sound'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 Save the Sound'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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2025 2025, on our consideration of Save the Sound'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 Save the Sound'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 Save the Sound's internal control over financial reporting and compliance.

*Grassi & Co, CPAs, P.C.*

GRASSI & CO., CPAs, P.C.

New York, New York

May 6, 2025

SAVE THE SOUND, INC.  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	(Restated) <u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,826,097	\$ 1,332,970
Grants receivable	909,212	2,098,177
Contributions receivable	823,308	549,271
Prepaid expenses	164,058	145,008
Investments	<u>2,287,175</u>	<u>1,992,054</u>
Total current assets	6,009,850	6,117,480
Contributions receivable, long term, net	642,001	622,864
Investments - endowment	8,930,470	7,895,773
Fixed assets, net	380,252	439,131
Charitable remainder trust, net	2,702,381	2,416,407
Beneficial interest in perpetual trust	1,007,915	894,198
Operating lease right-of-use assets	<u>1,130,594</u>	<u>1,306,013</u>
TOTAL ASSETS	<u>\$ 20,803,463</u>	<u>\$ 19,691,866</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 243,861	\$ 946,114
Accrued expenses	245,523	213,531
Refundable advances - grants	284,719	23,876
Operating lease liabilities, current portion	<u>186,572</u>	<u>237,965</u>
Total current liabilities	960,675	1,421,486
Operating lease liabilities, net of current portion	<u>1,033,682</u>	<u>1,132,334</u>
Total liabilities	<u>1,994,357</u>	<u>2,553,820</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	2,992,496	3,092,157
With donor restrictions	<u>15,816,610</u>	<u>14,045,889</u>
Total net assets	<u>18,809,106</u>	<u>17,138,046</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,803,463</u>	<u>\$ 19,691,866</u>

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

SAVE THE SOUND, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024			(Restated) 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND OTHER SUPPORT:						
Contributions	\$ 3,581,526	\$ 1,496,517	\$ 5,078,043	\$ 3,048,145	\$ 4,354,555	\$ 7,402,700
Government grants	2,185,546	-	2,185,546	4,154,403	-	4,154,403
Other income	233,503	-	233,503	200,722	-	200,722
Net assets released from donor restrictions	1,480,407	(1,480,407)	-	1,917,220	(1,917,220)	-
	<u>7,480,982</u>	<u>16,110</u>	<u>7,497,092</u>	<u>9,320,490</u>	<u>2,437,335</u>	<u>11,757,825</u>
OPERATING EXPENSES:						
Program services	5,909,002	-	5,909,002	7,116,269	-	7,116,269
Supporting services:						
Management and general	938,967	-	938,967	1,274,976	-	1,274,976
Fundraising	1,162,251	-	1,162,251	1,204,448	-	1,204,448
	<u>8,010,220</u>	<u>-</u>	<u>8,010,220</u>	<u>9,595,693</u>	<u>-</u>	<u>9,595,693</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(529,238)</u>	<u>16,110</u>	<u>(513,128)</u>	<u>(275,203)</u>	<u>2,437,335</u>	<u>2,162,132</u>
NONOPERATING ACTIVITIES:						
Investment income, net	429,577	1,354,920	1,784,497	241,971	875,302	1,117,273
Change in value of charitable remainder trust	-	285,974	285,974	-	190,523	190,523
Change in value of beneficial interest in perpetual trust	-	113,717	113,717	-	45,379	45,379
	<u>429,577</u>	<u>1,754,611</u>	<u>2,184,188</u>	<u>241,971</u>	<u>1,111,204</u>	<u>1,353,175</u>
CHANGE IN NET ASSETS	<u>(99,661)</u>	<u>1,770,721</u>	<u>1,671,060</u>	<u>(33,232)</u>	<u>3,548,539</u>	<u>3,515,307</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,092,157</u>	<u>14,045,889</u>	<u>17,138,046</u>	<u>3,125,389</u>	<u>10,497,350</u>	<u>13,622,739</u>
NET ASSETS, END OF YEAR	<u>\$ 2,992,496</u>	<u>\$ 15,816,610</u>	<u>\$ 18,809,106</u>	<u>\$ 3,092,157</u>	<u>\$ 14,045,889</u>	<u>\$ 17,138,046</u>

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

SAVE THE SOUND, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 3,229,895	\$ 306,676	\$ 705,820	\$ 1,012,496	\$ 4,242,391
Fringe benefits and payroll taxes	469,471	121,033	122,171	243,204	712,675
Total salaries and related costs	3,699,366	427,709	827,991	1,255,700	4,955,066
Engineers and construction	412,893	-	6,204	6,204	419,097
Consultants	686,098	88,614	115,146	203,760	889,858
Occupancy	97,306	132,907	87,541	220,448	317,754
Office expenses	233,403	139,040	53,963	193,003	426,406
Printing	18,690	10,912	57,599	68,511	87,201
Professional fees	5,875	47,859	9,191	57,050	62,925
Program expenses	553,339	369	676	1,045	554,384
Lobbying and media	79,476	-	-	-	79,476
Travel and conferences	71,561	4,411	3,940	8,351	79,912
Meetings and events	13	2,779	-	2,779	2,792
Insurance	1,679	74,791	-	74,791	76,470
Depreciation and amortization	49,303	9,576	-	9,576	58,879
TOTAL EXPENSES REPORTED BY FUNCTION ON THE STATEMENT OF ACTIVITIES	<u>\$5,909,002</u>	<u>\$ 938,967</u>	<u>\$1,162,251</u>	<u>\$2,101,218</u>	<u>\$8,010,220</u>

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



SAVE THE SOUND, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	(Restated) Total
Salaries	\$2,417,768	\$ 525,505	\$ 681,785	\$1,207,290	\$ 3,625,058
Fringe benefits and payroll taxes	436,250	83,856	122,748	206,604	642,854
Total salaries and related costs	2,854,018	609,361	804,533	1,413,894	4,267,912
Engineers and construction	2,371,202	-	-	-	2,371,202
Consultants	687,525	96,252	169,835	266,087	953,612
Occupancy	210,290	106,107	27,884	133,991	344,281
Office expenses	151,778	288,051	38,213	326,264	478,042
Printing	26,982	9,894	147,616	157,510	184,492
Professional fees	28,900	50,085	607	50,692	79,592
Program expenses	637,181	22,908	5,094	28,002	665,183
Lobbying and media	12,392	261	-	261	12,653
Travel and conferences	68,796	15,881	1,964	17,845	86,641
Meetings and events	33	2,503	-	2,503	2,536
Insurance	15,097	65,068	45	65,113	80,210
Publications	6,059	-	-	-	6,059
Membership acquisition	-	-	8,657	8,657	8,657
Depreciation and amortization	46,016	8,605	-	8,605	54,621
TOTAL EXPENSES REPORTED BY FUNCTION ON THE STATEMENT OF ACTIVITIES	<u>\$7,116,269</u>	<u>\$1,274,976</u>	<u>\$1,204,448</u>	<u>\$2,479,424</u>	<u>\$9,595,693</u>

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

SAVE THE SOUND, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	(Restated) <u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,671,060	\$ 3,515,307
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	58,879	54,621
Net realized and unrealized gains on investments	(1,658,079)	(985,517)
Change in value of charitable remainder trust	(285,974)	(190,523)
Change in value of beneficial interest in perpetual trust	(113,717)	(45,379)
Restricted contributions - perpetual in nature	-	(2,346,458)
Noncash lease expense	175,419	163,260
Changes in assets:		
Grants receivable	1,188,965	(688,420)
Contributions receivable, net	(293,174)	(1,078,137)
Prepaid expenses	(19,050)	(25,839)
Changes in liabilities:		
Accounts payable	(702,253)	739,577
Accrued expenses	31,992	(90,968)
Refundable advances - grants	260,843	23,876
Operating lease liabilities	(150,045)	(98,974)
Net cash provided by (used in) operating activities	<u>164,866</u>	<u>(1,053,574)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	(22,226)
Proceeds from sale of investments	4,829,211	4,852,689
Purchase of investments	(4,500,950)	(6,892,735)
Net cash provided by (used in) investing activities	<u>328,261</u>	<u>(2,062,272)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted contributions - perpetual in nature	-	2,346,458
Net cash provided by financing activities	<u>-</u>	<u>2,346,458</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	493,127	(769,388)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,332,970</u>	<u>2,102,358</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,826,097</u>	<u>\$ 1,332,970</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Right-of-use assets obtained in exchange for operating lease liabilities	<u>\$ -</u>	<u>\$ 1,469,273</u>

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

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 1 - Nature of Organization

Save The Sound, Inc. ("Save the Sound") is a private, non-profit organization dedicated to protecting and improving the land, air, and water of Connecticut and Long Island Sound since 1978. Save the Sound uses legal and scientific expertise to bring people together to achieve results that benefit the environment for current and future generations. Save the Sound is engaged in several habitat restoration projects and, additionally, provides opportunities for members and the general public to engage in direct action to improve the quality of the local environment. Save the Sound's primary source of revenue is from contributions and government grants.

Save the Sound is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"). Accordingly, no provision for federal or state income taxes is required.

Note 2 - Summary of Significant Accounting Policies

Adoption of ASU No. 2016-13

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. During 2019, the FASB issued additional ASUs amending certain aspects of ASU No. 2016-13.

On October 1, 2023, Save the Sound adopted the new accounting standard and all of the related amendments using the modified retrospective method. There was no impact in initially applying the new credit loss standard to its accounts receivable and to the opening balance of net assets.

Basis of Accounting and Use of Estimates

The financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

Save the Sound defines cash equivalents as checking and money market accounts with banks and highly liquid debt instruments purchased with a maturity of three months or less.

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed or grantor-imposed restrictions. Net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - represents all activity without donor-imposed restrictions. Included within net assets without donor restrictions is the Strike Force Fund, which totaled \$1,276,586 and \$1,091,503 as of September 30, 2024 and 2023, respectively, and the Board-designated endowment, which totaled \$1,010,589 and \$900,551 as of September 30, 2024 and 2023, respectively. These funds have been set aside by the Board and can be spent based upon approval of the Board of Directors, as discussed further in Note 11.

*Net Assets With Donor Restrictions* - represents contributions of cash and other assets with donor stipulations that make clear the assets' restriction, either due to a program nature or by the passage of time, or are those which are established by donor-restricted gifts and bequests to provide an endowment. If a restriction is fulfilled in the same time period in which the contribution is received, Save the Sound reports the support as unrestricted.

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of FASB ASC Topic 820. All interest, dividends, and realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Fair Value Measurement

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.

To increase the comparability of fair value measurements, a framework for measuring fair value is used which 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) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Fair Value Measurement (cont'd.)

The three levels of the fair value hierarchy under FASB Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*, are described as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting Save the Sound's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Refer to Note 5 for assets measured at fair value at September 30, 2024 and 2023 in accordance with FASB ASC Topic 820.

Fixed Assets

Furniture and equipment, leasehold improvements, software, and information technology hardware are recorded at cost. Save the Sound capitalizes items of furniture, equipment and software with costs greater than \$5,000. Depreciation is provided utilizing the straight-line method over the estimated useful live of the respective assets as follows:

Furniture and equipment	5 to 10 years
Leasehold improvements	10 years
Software	3 years
Information technology hardware	3 to 5 years

Leasehold improvements are amortized over the shorter of the lease term or the respective estimated useful life.

Government Grants

Save the Sound receives grant funding from various federal, state and local government agencies to provide a variety of program services to the public. Such government grants are nonreciprocal transactions, which are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts are recognized as revenue when Save the Sound has incurred expenditures in compliance with the specific grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the statements of financial position.

As of September 30, 2024 and 2023, Save the Sound had unexpended grants of \$9,380,937 and \$6,307,773, respectively, that have not been recognized pending fulfillment of the conditions associated with the awards.

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions

Contributions are provided to Save the Sound either with or without donor restrictions. Revenues and net assets are separately reported to reflect the nature of those gifts, i.e., with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<u>Nature of the Gift</u>	<u>Value Recognized</u>
<i>Conditional gifts and grants, with or without restrictions</i>	
Gifts and grants that depend on Save the Sound overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts and grants, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue without donor restrictions.

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Allowance for Doubtful Accounts

Save the Sound carries its government grants and contributions receivable at cost less an allowance for doubtful accounts in order to adjust these receivables to their estimated net realizable value. Save the Sound estimates the allowance for doubtful accounts based upon a review of outstanding receivables and historical collection information. Receivables are written off against the allowance for doubtful accounts when they are determined to be uncollectible. Bad debt expense is charged in order to adjust the allowance for doubtful accounts to the required balance determined by management based on their periodic review.

Save the Sound has not recorded an allowance for doubtful accounts on government grants or contributions receivables as of September 30, 2024 and 2023.

Contributions Receivable, Net

Contributions receivable, net are due in the following periods:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 823,308	\$ 549,271
One to five years	<u>696,001</u>	<u>694,141</u>
	1,519,309	1,243,412
Less: Discount to net present value at 5%	<u>54,000</u>	<u>71,277</u>
	<u><u>\$ 1,465,309</u></u>	<u><u>\$ 1,172,135</u></u>

Leases

Under FASB ASC Topic 842, *Leases*, Save the Sound applies a two-model approach to all leases in which Save the Sound is a lessee and classifies leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by Save the Sound. Lease classification is evaluated at the inception of the lease agreement. Regardless of classification, Save the Sound records a right-of-use asset and a lease liability for all leases with a term greater than 12 months.

In order to calculate the lease liability, certain assumptions related to lease terms and discount rates are made. Renewal options are evaluated in the determination of lease terms. When available, Save the Sound uses the rate implicit in the lease or a borrowing rate based on similar debt to discount lease payments to present value. However, when a lease does not provide a readily determinable implicit rate and Save the Sound's existing debt does not have similar terms, Save the Sound uses the U.S. Treasury rate constant maturity at each lease commencement date to discount lease payments. At September 30, 2024 and 2023, Save the Sound applied a discount rate of 6.75%.

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Functional Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the supporting services benefited. Such allocations are determined by management on an equitable basis. All expenses that have been allocated are based on time and effort. The statements of functional expenses present the natural classification detail of expenses by function.

The following reflects Save the Sound's expenses by program for the years ended September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Long Island Sound	\$ 2,036,511	\$ 2,178,368
Green infrastructure	1,766,944	3,785,493
Climate and energy	504,620	263,538
Communications	220,062	207,546
Endangered lands project	420,801	200,985
Adjudication	532,176	331,017
Education	248,326	63,739
Environmental justice	119,634	47,489
Beach clean up	<u>59,928</u>	<u>38,094</u>
Total	<u>\$ 5,909,002</u>	<u>\$ 7,116,269</u>

Accounting for Uncertainty in Income Taxes

Save the Sound has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Save the Sound is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Save the Sound believes it is no longer subject to income tax examinations for years prior to 2021.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the current year's presentation. These reclassifications had no effect on the change in net assets previously reported. As a result, certain investments have been reclassified in the fair value hierarchy chart, and restricted contribution - perpetual in nature has been reclassified in the statements of cash flows.



SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 3 - Concentration of Credit Risk

Financial instruments that potentially subject Save the Sound to concentration of credit risk consist of cash and money market accounts. Such balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. From time to time, Save the Sound's balances may exceed these limits.

For the year ended September 30, 2024, approximately 20% of Save the Sound's total receivable was due from one funding agency.

Note 4 - Availability and Liquidity

Save the Sound maintains a sufficient level of operating cash and investments to be available as its general expenditures, liabilities, and other obligations come due as part of its liquidity management.

The following reflects Save the Sound's financial assets as of September 30, 2024 and 2023, reduced by amounts not available for general use within one year of the statement of financial position dates due to contractual or donor-imposed restrictions.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,826,097	\$ 1,332,970
Grants receivable	909,212	2,098,177
Contributions receivable, net	823,308	549,271
Investments	<u>11,217,645</u>	<u>9,887,827</u>
Total financial assets	<u>14,776,262</u>	<u>13,868,245</u>
Less: Amounts not available for general expenditures:		
Donor-imposed purpose restrictions	(1,710,535)	(1,667,376)
Donor-imposed restrictions to be utilized in subsequent year	696,001	660,000
Board-designated endowment fund	(1,010,589)	(900,551)
Strike Force Fund	(1,276,586)	(1,091,503)
Perpetual in nature	<u>(8,930,470)</u>	<u>(7,895,773)</u>
Total unavailable for general expenditures	<u>(12,232,179)</u>	<u>(10,895,203)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,544,083</u>	<u>\$ 2,973,042</u>

As disclosed in Note 12, Save the Sound can draw up to 25%, with Board approval, from the Strike Force Fund in the case of a fiscal emergency. In addition, as disclosed in Note 9, Save the Sound has access to a \$250,000 line of credit.

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 5 - Investments Measured at Fair Value

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in methodologies used at September 30, 2024 and 2023.

*Cash and cash equivalents:* Valued at cost, which approximates fair value.

*Government and Agency Bonds:* Value estimated using recently executed transactions, market price quotations (where observable), bond spreads, or credit facilities swap spreads. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models using yield curves as key inputs.

*Corporate Bonds:* Value estimated using recently executed transactions, market price quotations (where observable), bond spreads, or credit default swap spreads. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models using yield curves, bond or single name credit default swap spreads, and recovery rates based on collateral values as key inputs.

*Domestic and Foreign Equities:* Valued at the closing price reported on the active market on which the individual securities are traded.

The following table presents Save the Sound's investments that are measured at fair value at September 30, 2024:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 321,918	\$ -	\$ -	\$ 321,918
Government and agency bonds	-	2,051,617	-	2,051,617
Corporate bonds	-	547,511	-	547,511
Domestic equities	7,786,849	-	-	7,786,849
Foreign equities	509,750	-	-	509,750
Total investments	<u>\$ 8,618,517</u>	<u>\$ 2,599,128</u>	<u>\$ -</u>	<u>\$ 11,217,645</u>

The following table presents Save the Sound's investments that are measured at fair value at September 30, 2023:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 231,665	\$ -	\$ -	\$ 231,665
Government and agency bonds	-	1,722,604	-	1,722,604
Corporate bonds	-	513,423	-	513,423
Domestic equities	6,907,088	-	-	6,907,088
Foreign equities	513,047	-	-	513,047
Total investments	<u>\$ 7,651,800</u>	<u>\$ 2,236,027</u>	<u>\$ -</u>	<u>\$ 9,887,827</u>

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

**Note 6 - Charitable Remainder Trust**

Save the Sound has been named the beneficiary of a charitable remainder trust. Save the Sound will ascertain the remaining principal and undistributed income of the trust upon the passing of the donor. During the donor's lifetime, the trust will make annual disbursements equal to 5.0% of the assets at the beginning of the year to the donor. Annual trust income is projected to be 3.6%, and the future value of the trust's investments have been discounted at 3.6%.

The charitable remainder trust is reported as Level 3 in the fair value hierarchy and consisted of the following at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Fair value of trust assets	\$ 3,340,419	\$ 3,082,347
Projected future earnings, less payouts	<u>(227,373)</u>	<u>(206,870)</u>
Future estimated value of trust assets	3,113,046	2,875,477
Discount to net present value at 3.6%	<u>(410,665)</u>	<u>(459,070)</u>
Charitable remainder trust, net	<u>\$ 2,702,381</u>	<u>\$ 2,416,407</u>

**Note 7 - Beneficial Interest in Perpetual Trust**

Save the Sound is a beneficiary in a certain perpetual trust held and administered by others. The interest in the trust's assets is carried as a donor-restricted net asset in the statements of financial position. The funds are to be used to pay the executive director's salary and for general educational purposes. The trust will terminate 99 years after the grantor's death, at which time the investments will be distributed to Save the Sound.

The beneficial interest in perpetual trust is reported in Level 3 of the fair value hierarchy and consisted of the following at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 8,235	\$ 24,712
Mutual fund	421,660	400,226
Equities	<u>578,020</u>	<u>469,260</u>
	<u>\$ 1,007,915</u>	<u>\$ 894,198</u>

Save the Sound uses a market approach for the valuation of the trust based on the fair value of the underlying assets of the trust.

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 7 - Beneficial Interest in Perpetual Trust (cont'd.)

The following table presents a reconciliation of the beneficial interest in perpetual trust during the years ended September 30, 2024 and 2023:

	2024	2023
Beginning balance, at October 1	\$ 894,198	\$ 848,819
Appreciation	113,717	91,789
Disbursements	-	(46,410)
Ending balance, at September 30	<u>\$ 1,007,915</u>	<u>\$ 894,198</u>

Note 8 - Fixed Assets

Fixed assets, net, at September 30, 2024 and 2023 consisted of the following:

	2024	2023
Furniture and equipment	495,796	495,796
Leasehold improvements	200,405	200,405
Software	56,000	56,000
Information technology hardware	36,112	36,112
	<u>788,313</u>	<u>788,313</u>
Less: Accumulated depreciation and amortization	<u>(408,061)</u>	<u>(349,182)</u>
Fixed assets, net	<u>\$ 380,252</u>	<u>\$ 439,131</u>

Depreciation and amortization expense was \$58,879 and \$54,621 for the years ended September 30, 2024 and 2023, respectively.

Note 9 - Line of Credit

Save the Sound has a \$250,000 line of credit with a financial institution which bears interest at 6.75%. There have been no borrowings; therefore, no balance was due at September 30, 2024 and 2023.

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 10 - Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at September 30, 2024 and 2023:

	2024	(Restated) 2023
Purpose restricted:		
Green infrastructure	\$ 485,094	\$ 430,523
Climate and energy	373,388	320,374
Endangered lands	395,721	385,437
Long Island Sound	456,332	531,042
Total purpose restricted	1,710,535	1,667,376
Time-restricted for future periods:		
Time-restricted pledges	1,465,309	1,172,135
Endowment gains	2,542,742	1,508,045
Charitable remainder trust	2,702,381	2,416,407
Total time restricted	6,710,432	5,096,587
Total purpose and time restricted	8,420,967	6,763,963
Donor-restricted investments held in perpetuity:		
General support	582,720	582,720
Communication director's compensation	396,262	396,262
Peter B. Cooper Fellowship	1,277,500	1,277,500
Legal department	4,100,236	4,100,236
Hartford office	31,010	31,010
Total investments held in perpetuity	6,387,728	6,387,728
Beneficial interest in perpetual trust	1,007,915	894,198
Total net assets with donor restrictions	\$ 15,816,610	\$ 14,045,889

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 10 - Net Assets with Donor Restrictions (cont'd.)

Net assets with donor restrictions were released for the following purposes during the years ended September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Purpose restrictions:		
Legal	\$ -	\$ 39,000
Green infrastructure	93,457	458,065
Climate and energy	18,677	223,414
Endangered lands	9,198	105,050
Long Island Sound	464,141	695,117
Time-restricted for future periods	574,711	-
Endowment	<u>320,223</u>	<u>396,574</u>
	<u>\$ 1,480,407</u>	<u>\$ 1,917,220</u>

Note 11 - Endowment Funds

Endowment

Save the Sound's endowment consists of several funds established by donors for a variety of purposes and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Save the Sound interprets Connecticut State law, the Connecticut Prudent Management of Institutional Funds Act ("CTPMIFA"), as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Save the Sound classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 in endowments is classified as purpose restricted net assets until those amounts are appropriated for expenditure by Save the Sound in a manner consistent with the standard of prudence prescribed by CTPMIFA.

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 11 - Endowment Funds (cont'd.)

Strategies Employed for Achieving Objectives

Save the Sound relies on a total-return strategy to preserve the long-term value of its capital, while at the same time providing an adequate and consistent amount of income each year to meet the funding purpose. Investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Income is defined as a percentage of the total value of all investment assets, including interest, dividends and capital appreciation/depreciation.

Return Objective and Risk Parameters

The Board of Directors has adopted an investment policy for Save the Sound's endowment assets in order to provide a predictable stream of funding to the programs supported by its endowment, and to maintain the purchasing power of the endowment over time.

Spending Policies

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

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

Net asset composition by type of fund at September 30, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	\$ -	\$ 8,930,470	\$ 8,930,470
Strike Force Fund	1,276,586	-	1,276,586
Board-designated	1,010,589	-	1,010,589
Total endowment	<u>\$ 2,287,175</u>	<u>\$ 8,930,470</u>	<u>\$ 11,217,645</u>

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 11 - Endowment Funds (cont'd.)

Net asset composition by type of fund at September 30, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	\$ -	\$ 7,895,773	\$ 7,895,773
Strike Force Fund	1,091,503	-	1,091,503
Board-designated	900,551	-	900,551
	<u>1,992,054</u>	<u>-</u>	<u>900,551</u>
Total endowment	<u>\$ 1,992,054</u>	<u>\$ 7,895,773</u>	<u>\$ 9,887,827</u>

The following is a reconciliation of the activity in the endowment fund by net asset category for the year ended September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, October 1, 2023	\$ 1,992,054	\$ 7,895,773	\$ 9,887,827
Contributions	-	-	-
Investment gain, net	317,547	1,354,920	1,672,467
Appropriations for expenditure	<u>(22,426)</u>	<u>(320,223)</u>	<u>(342,649)</u>
Balance, September 30, 2024	<u>\$ 2,287,175</u>	<u>\$ 8,930,470</u>	<u>\$ 11,217,645</u>

The following is a reconciliation of the activity in the endowment fund by net asset category for the year ended September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, October 1, 2022	\$ 1,781,677	\$ 5,080,587	\$ 6,862,264
Contributions	10,000	2,336,458	2,346,458
Investment gain, net	216,558	875,302	1,091,860
Appropriations for expenditure	<u>(16,181)</u>	<u>(396,574)</u>	<u>(412,755)</u>
Balance, September 30, 2023	<u>\$ 1,992,054</u>	<u>\$ 7,895,773</u>	<u>\$ 9,887,827</u>



SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 12 - Strike Force Fund

The Strike Force Fund is used to respond to urgent threats requiring rapid response. Each year, up to 5% of the value of the Strike Force Fund may be used at the discretion of the President with advice from the Chair and the Executive Committee of the Board of Directors. Additional withdrawals of 5% may be made annually after obtaining the approval of the majority of the Board of Directors for particularly compelling circumstances. If an additional withdrawal is made, Save the Sound shall undertake to replenish the Strike Force Fund within three years. No further additional withdrawals can be made until the previous additional withdrawal is replenished.

An additional 15% of the Strike Force Fund may be used in an extreme emergency with the written approval of three fourths of the Board of Directors. No further emergency withdrawals can be made until the previous emergency withdrawal is replenished. Moreover, if the replenishment is not made within three years, no annual or additional 5% withdrawals under the previous paragraph may be made.

Finally, the Strike Force Fund policies may be revised with the written approval of three fourths of the Board of Directors. The Strike Force Fund is classified as an unrestricted (board designated) endowment fund.

Note 13 - Leases

Save the Sound has noncancellable operating leases for rented office space in New Haven, CT and Larchmont, NY which expire in 2029 and 2031, respectively. Monthly payments range from \$6,667 to \$15,786, escalating over the term of the lease.

Lease activity for the years ended September 30, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Lease cost:		
Operating lease cost	<u>\$ 263,337</u>	<u>\$ 204,101</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 237,965</u>	<u>\$ 184,504</u>
Weighted average remaining lease term:		
Operating leases	<u>5.51 years</u>	<u>6.48 years</u>
Weighted average discount rate:		
Operating leases	<u>6.75%</u>	<u>6.75%</u>

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 13 - Leases (cont'd.)

Future minimum lease payments as of September 30, 2024 are as follows:

<u>Years Ending September 30:</u>	
2025	\$ 263,511
2026	277,384
2027	279,582
2028	281,836
2029	157,854
Thereafter	<u>213,232</u>
Total future minimum undiscounted lease payments	1,473,399
Less: Amount representing interest	<u>253,145</u>
Present value of future payments	1,220,254
Less: Current lease liabilities	<u>186,572</u>
Long-term lease liabilities	<u><u>\$ 1,033,682</u></u>

Note 14 - Employee Benefit Plan

Eligible employees of Save the Sound may participate in a Section 403(b) retirement annuity plan. Employees who complete one year of service are eligible for a matching contribution made by Save the Sound. Save the Sound may elect each year to match 50% of each employee's contribution, up to 10% of eligible compensation. Matching contributions are vested immediately. Contributions to the plan made by Save the Sound were \$87,819 and \$70,865 for the years ended September 30, 2024 and 2023, respectively.

Note 15 - Community Foundation of Greater New Haven

Save the Sound is the named beneficiary of a fund held at the Community Foundation of Greater New Haven ("CFGNH"). Save the Sound received distributions from CFGNH of \$2,605 and \$14,254 for the years ended September 30, 2024 and 2023, respectively. The value of the funds held at CFGNH was \$110,639 and \$389,181 as of September 30, 2024 and 2023, respectively. These amounts have not been recorded on the statements of financial position.

Note 16 - Contingencies

The Small Business Administration ("SBA") may undertake a review of a Paycheck Protection Program ("PPP") loan of any size greater than \$150,000 during the six-year period following forgiveness or repayment of the loan. If selected, the review would include the loan forgiveness application, as well as whether Save the Sound met the eligibility requirements of the PPP and received the proper loan amount. Save the Sound received a PPP loan in the amount of \$467,000 in April 2020 and received full forgiveness of the PPP loan in July 2021. Save the Sound is subject to an SBA review until July 2027. Whether Save the Sound will be selected for an SBA review, as well as the timing and outcome, is not yet known.

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 17 - Restatements

Save the Sound restated its financial statements as of September 30, 2022 and 2023, and for the year ended September 30, 2023 to correct errors relating to the recognition and valuation of (1) government grant revenues, grants receivable, refundable advances -grants, and net assets release from donor restrictions, (2) contributions receivable, (3) accounts payable and (4) accrued expenses.

The impact of the restatements at September 30, 2022 is as follows:

	Balances as previously stated at September 30, 2022	Adjustments	Balances as restated at September 30, 2022
Net assets without donor restrictions	\$ 3,057,220	\$ 68,169	\$ 3,125,389
Net assets with donor restrictions	\$ 10,430,236	\$ 67,114	\$ 10,497,350
Total net assets	\$ 13,487,456	\$ 135,283	\$ 13,622,739

The impact of the restatements at September 30, 2023 is as follows:

	Balances as previously stated at September 30, 2023	Adjustments	Balances as restated at September 30, 2023
Grants receivable	\$ 2,013,401	\$ 84,776	\$ 2,098,177
Contributions receivable	\$ 651,000	\$ (101,729)	\$ 549,271
Contributions receivable, long term, net	\$ 537,723	\$ 85,141	\$ 622,864
Accounts payable	\$ 911,134	\$ 34,980	\$ 946,114
Accrued expenses	\$ 227,490	\$ (13,959)	\$ 213,531
Refundable advances - grants	\$ 190,407	\$ (166,531)	\$ 23,876
Net assets without donor restrictions	\$ 4,050,593	\$ (958,436)	\$ 3,092,157
Net assets with donor restrictions	\$ 12,873,755	\$ 1,172,134	\$ 14,045,889
Total net assets	\$ 16,924,348	\$ 213,698	\$ 17,138,046

As a result of the restatements, the change in net assets during the year ended September 30, 2023 increased by \$78,415.

SAVE THE SOUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023

Note 18 - Subsequent Events

Save the Sound has evaluated all events or transactions that occurred after September 30, 2024 through May 6, 2025, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.

## SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To The Board of Directors  
Save the Sound, Inc.  
New Haven, Connecticut

We have audited the financial statements of Save The Sound, Inc. ("Save the Sound") as of and for the year ended September 30, 2024, and our report thereon dated May 6, 2025, which expressed an unmodified opinion on those financial statements, appears on page 1. 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* (the "Uniform Guidance") 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.

*Grassi & Co, CPAs, P.C.*

GRASSI & CO., CPAs, P.C.

Jericho, New York  
May 6, 2025

SAVE THE SOUND, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Pass-through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Commerce</b>				
Habitat Conservation				
Kinneytown NOAA	11.463	N/A	\$ -	\$ 132,998
Office for Coastal Management				
Passed Through National Fish and Wildlife Foundation				
Big Rock NCRF	11.473	N/A	-	104,939
<b>Total U.S. Department of Commerce</b>			-	237,937
<b>U.S. Department of the Interior</b>				
Partnership for Urban Waterways in Bronx and Lower Westchester Counties	15.608	N/A	-	2,115
<b>Total U.S. Department of the Interior</b>			-	2,115
<b>U.S. Environmental Protection Agency</b>				
Long Island Sound Program				
Unified Water Study - 96244321	66.437	N/A	-	40,295
Unified Water Study - 96239522	66.437	N/A	1,750	221,564
Unified Water Study - 96217623	66.437	N/A	172,885	574,252
Chittenden Park Living Shoreline Restoration Design	66.437	N/A	-	90,870
Passed Through National Fish and Wildlife Foundation				
Planning for a Nature-Like Fishway for Long Pond Dam (CT)	66.437	1401.20.070202	-	5,598
A Watershed Plan for the Hutchinson River - Westchester County - I (NY)	66.437	1401.20.070190	-	41,866
Restoring Big Rock Wetland for Marsh and Community Resilience (NY)	66.437	1401.22.073372	-	123,367
Planning for Fish-Friendly and Flood Resilient Road Stream Crossings in the Naugatuck Valley-II(CT)	66.437	1401.22.073419	10,873	21,734
Stream Barrier Inventory to Restore Fish Passage from Westchester County to Long Island Sound (NY)	66.437	1401.23.075139	7,139	137,405
Long Island Sound River Restoration Network I (CT, NY)	66.437	1401.23.078418	36,250	139,187
Sunken Meadow Audubon	66.437	1401.23.076515	-	2,246
A Plan to Restore the Farmington River: Stakeholder Engagement and Investigation of the Impacts of Rainbow Dam (CT)	66.437	1401.24.080751	-	7,164
Passed Through The Nature Conservancy				
Community-driven Stormwater Green Infrastructure Design in Bridgeport (CT)	66.437	STS03302022	-	13,660
Passed Through State of Connecticut Department of Energy and Environmental Protection				
Removal of Strong Pong Dam at Merwin Meadows Park - Phase 2	66.437	2022-245	-	77,254
Passed Through Restore America's Estuaries				
Long Island Sound Community Impact (LISCIF) Program	66.437	LISCIF-23-ST5	-	9,367
Long Island Sound Community Impact (LISCIF) Program	66.437	LISCIF-24-27	-	6,887
Passed Through the Maritime Aquarium at Norwalk				
Removal of Lost and Abandoned Lobster Pots for Habitat and Fisheries Restoration in Long Island Sound	66.437	NOAA-NA22 NMF4690292	-	43,163
<b>Total Long Island Sound Program</b>			228,897	1,555,879
New Haven Harbor Green Infrastructure	66.202	N/A	-	14,116
<b>Total U.S. Environmental Protection Agency</b>			228,897	1,569,995
<b>Total Expenditures of Federal Awards</b>			\$ 228,897	\$ 1,810,047

See independent auditors' report on the schedule of expenditures of federal awards.

SAVE THE SOUND, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("SEFA") includes the federal award activity of Save The Sound, Inc. ("Save the Sound") under programs of the federal government for the year ended September 30, 2024. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the SEFA presents only a selected portion of the operations of Save the Sound, it is not intended to and does not present the financial position, changes in net assets or cash flows of Save the Sound.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Subrecipients

Payments of \$228,897 were made to subrecipients for federal awards received during the year ended September 30, 2024.

Note 4 - Indirect Cost Rate

Save the Sound did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.





INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Board of Directors  
Save the Sound, Inc.  
New Haven, Connecticut

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 Save The Sound, Inc. ("Save the Sound") which comprise the statement of financial position as of September 30, 2024, 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 thereon dated May 6, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Save the Sound'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 Save the Sound's internal control. Accordingly, we do not express an opinion on the effectiveness of Save the Sound'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Save the Sound's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## **Save the Sound, Inc.'s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Save the Sound's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Save the Sound's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 Save the Sound's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Save the Sound's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Grassi & Co., CPAs, P.C.*

GRASSI & CO., CPAs, P.C.

Jericho, New York  
May 6, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To The Board of Directors  
Save the Sound, Inc.  
New Haven, Connecticut

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

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

We have audited Save The Sound, Inc.'s ("Save the Sound") 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 Save the Sound's major federal programs for the year ended September 30, 2024. Save the Sound's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Save the Sound 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 September 30, 2024.

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

We are required to be independent of Save the Sound 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 Save the Sound'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 Save the Sound's federal programs.

## ***Auditors' 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 Save the Sound'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 Save the Sound'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 Save the Sound'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 Save the Sound'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 Save the Sound'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.

## **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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

Jericho, New York  
May 6, 2025

SAVE THE SOUND, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

- i. An unmodified opinion was issued on the financial statements of Save The Sound, Inc.
- ii. Internal control over financial reporting:
  - Material weakness(es) identified? [X] Yes [ ] No
  - Significant deficiency(ies) identified? [ ] Yes [X] None Reported
- iii. Noncompliance material to financial statements noted? [ ] Yes [X] No

Federal Awards

- iv. Internal control over major programs:
  - Material weakness(es) identified? [ ] Yes [X] No
  - Significant deficiency(ies) identified? [ ] Yes [X] None Reported
- v. An unmodified opinion was issued on compliance for major programs.
- vi. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? [ ] Yes [X] No
- vii. Major Programs:
  - Long Island Sound Program (AL #66.437)
- viii. Federal award expenses that exceeded \$750,000 were considered Type A programs.
- ix. Save The Sound, Inc. qualified as a low-risk auditee? [X] Yes [ ] No

SAVE THE SOUND, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Section II - Financial Statement Findings

Material Weakness

**2024-001: Audit Readiness, Account Analyses, Adjusting Journal Entries and Net Asset Restatement**

**Criteria:** Account analyses and reconciliation of significant accounts should be prepared, complete and accurate, as part of the financial statement close process.

**Condition:** A number of account analyses were not prepared and/or reconciled at the start of the audit fieldwork.

**Effect:** Several account analyses were not prepared and/or properly reconciled at the start of our audit fieldwork, including contributions receivables, grants receivable, investments and related income, changes in the charitable remainder trust and beneficial interest in perpetual trust, and net assets. As a result, material adjusting journal entries were necessary to adjust the trial balance to reconcile these accounts, including a prior year net asset restatement.

**Cause:** Preparation of timely account analyses and reconciliations as part of the financial statement close process was not followed by the accounting and finance department.

**Recommendation:** We recommend that management formally “close” each year and ensure that all adjusting journal entries are recorded and verify that the final trial balance reconciles to the audited financial statements. We also suggest the creation of a timeline and checklist to identify the timing and extent of account analyses to be performed during the year. We recommend management review all material balance sheet, revenue and expense accounts to ensure that all significant accounts are properly recorded and reconciled. Proper account analyses will help ensure that account balances are accurate, as well as reduce the number of year-end journal entries and ensure that monthly financial statements are prepared utilizing accurate numbers. In addition, account analyses will help ensure a timelier close each month/quarter and for the year-end audit process.

**Views of responsible officials and planned corrective actions:** See Auditee’s corrective action plan for view of responsible officials and planned corrective actions.

Section III - Federal Awards Findings and Questioned Costs

There are no current year findings.



# Save the Sound®

Action for our region's environment.

## Corrective Action Plan

September 30, 2024

Finding 2024-001

The processes recommended in the audit finding are currently in place and have been since September 2024. The month end close includes a checklist of accounts requiring reconciliation including a written overview of reconciliation timings and requirements. In addition, the finance department prepares and distributes monthly to the staff a list of active projects including anticipated close-out dates to ensure the completeness of account reconciliations at both the organization level as well as at the project level.

Management acknowledges that this process was not in place during the entirety of the audited fiscal year due to staff turnover within the Finance Department, which led to the necessity for the adjustments noted by Grassi.

Responsible party: EVP, Finance & Administration/Finance Department

Anticipated Completion Date: Completed September 30, 2024