Salem Sound 2000, Inc.
D/B/A Salem Sound Coastwatch
Financial Statements
For the Year Ended
June 30, 2013
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountant's Review Report</td>
<td>1</td>
</tr>
<tr>
<td>Statement of Financial Position - June 30, 2013</td>
<td>2</td>
</tr>
<tr>
<td>Statement of Activities for the year ended June 30, 2013</td>
<td>3</td>
</tr>
<tr>
<td>Statement of Cash Flows for the year ended June 30, 2013</td>
<td>4</td>
</tr>
<tr>
<td>Notes to Financial Statements - June 30, 2013</td>
<td>5, 6</td>
</tr>
<tr>
<td>Schedule of Functional Expenses for the year ended June 30, 2013</td>
<td>7</td>
</tr>
</tbody>
</table>
Independent Accountant’s Review Report

Board of Directors
Salem Sound 2000, Inc.
D/B/A Salem Sound Coastwatch

I have reviewed the accompanying statement of financial position of the Salem Sound 2000 Inc.
D/B/A Salem Sound Coastwatch (a nonprofit organization) as of June 30, 2013, and the related
statements of activities and cash flows for the year then ended. A review includes primarily
applying analytical procedures to management's financial data and making inquiries of
management. A review is substantially less in scope than an audit, the objective of which is the
expression of an opinion regarding the financial statements as a whole. Accordingly, I do no
express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and
fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for
Accounting and Review Services issued by the American Institute of Certified Public Accountants.
Those standards require me to perform procedures to obtain limited assurance that there are no
material modifications that should be made to the financial statements. I believe that the results
of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the
accompanying financial statements in order for them to be in conformity with accounting
principles generally accepted in the United States of America.

My review was made primarily for the purpose of expressing a conclusion that there are not
material modifications that should be made to the financial statements in order for them to be
in conformity with accounting principles generally accepted in the United States of America.
The supplementary information included in the accompanying schedule of functional expenses
is presented only for the purposes of additional analysis and is not a required part of the basic
financial statements. Such information has been subjected to the inquiry and analytical
procedures applied in the review of the basic financial statements, and I did not become aware
of any material modifications that should be made to such information.

Paul F. McGee
Stoneham, Massachusetts
November 14, 2013
Salem Sound 2000, Inc.
D/B/A Salem Sound Coastwatch
Statement of Financial Position
June 30, 2013
(See Accountant's Review Report)

**Assets**

**Current Assets**
Cash $297,934
Cash - Restricted $54,839 $352,773
Accounts Receivable $39,725

Total current assets $392,498

Total Assets $392,498

**Liabilities and Net Assets**

**Current Liabilities**
Accounts payable

Total current liabilities

**Net Assets**
Unrestricted net assets $392,498

Total liabilities and net assets $392,498

(See notes to financial statement)
Page 2
Salem Sound 2000, Inc.
D/B/A Salem Sound Coastwatch
Statement of Activities
For the Year Ended June 30, 2013
(See Accountant's Review Report)

Revenues

Revenues
Grants $ 145,300
Contributions 25,531
Fundraiser event income 21,234
Member dues 6,270
Interest income 5,147
Program fees 34,438

Total revenues $ 237,920

Expenses

Expenses
Program expenses $ 156,118
Supporting expenses - general and administrative 10,888
Fundraising expenses 20,476

Total expenses $ 187,482

Change in net assets $ 50,438

Net assets, beginning of year $ 342,060

Net assets, end of year $ 392,498

(See notes to financial statement)
Page 3
Salem Sound 2000, Inc.
D/B/A Salem Sound Coastwatch
Statement of Cash Flows
For the Year Ended June 30, 2013
(See Accountant's Review Report)

Cash Flows from Operating Activities
Increase in net assets $ 50,438
Increase in accounts receivable (15,528)

Net cash used by operating activities $ 34,910

Cash flows from Investing Activities
No activity $ 0

Cash flows from Financing Activities
No activity $ 0
Decrease in cash and cash equivalents $ 34,910

Cash and cash equivalents, beginning of year 317,863
Cash and cash equivalents, end of year $ 352,773

Supplemental disclosure of cash flow information:
Cash paid during the year for interest $ 0
Cash paid during the year for taxes $ 0

(See notes to financial statement)
Note 1 – Summary of significant accounting policies

A. Nature of Operations

Salem Sound 2000, Inc. D/B/A Salem Sound Coastwatch was formed on June 14, 1996. Its principle exempt purpose is to protect and enhance the quality of Salem Sound.

B. Use of Estimates

The preparation of financial statements in conformity with generally accepted principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Contributions

The organization has adopted SFAS No. 116, Accounting for Contributions Received and Contributions Made. Contributions received are recorded as unrestricted or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Amounts received include cash, assets and/or services. Revenues are reported at fair market value as of the date they were received. It is the policy of management to categorize restricted revenues as unrestricted in cases in which the restrictions are met in the same period as the revenues are received.

D. Cash

For purposes of the statement of cash flows, the organization considers all highly liquid investments available for current use with the initial maturity of three months or less to be cash equivalents.

E. Income Taxes

Salem Sound 2000, Inc. D/B/A Salem Sound Coastwatch is exempt from federal and state income taxes under Internal Revenue Code 501(c)(3). The organization's tax returns for the 2010 and forward are subject to the usual review by the appropriate authorities.
Salem Sound 2000, Inc.
D/B/A Salem Sound Coastwatch
Notes to Financial Statements
June 30, 2013
(See Accountant’s Review Report)

Note 1 – Summary of significant accounting policies (continued)

F. Property and Equipment

Depreciation is computed using the straight-line method calculated to
depreciate the cost of the assets over their estimated useful lives. Property
and equipment consists of various office equipment. Total cost is $2,294
and accumulated depreciation is $2,294.

Note 2 - Note Payable - Credit Line

For part of this year the organization maintained a credit line of $10,000 with a
bank at an interest rate of prime plus seventy-five one hundreds percent.
The credit line was closed on March 11, 2013.

Note 3 - Program Expense

Program expense includes but is not limited to the following service
accomplishments. Water chemistry monitoring at various sites of Salem Sound,
organization of volunteers for clean-up programs of streams, estuaries and
beaches around Salem Sound. Educating the public through presentations,
teacher education programs, brochures, and newsletters.

Note 4 - Restricted Cash

The cash account includes $54,839 of money held for Greenscapes projects.
Salem Sound Coastwatch holds the money for this group and can only expend
money with the agreement of the participants in the Greenscapes projects.
Greenscapes is an outreach and education organization that promotes environmentally
friendly landscaping practices. Income of $34,438 and expenses of $19,435 relating
to Greenscapes is included in this report.

The ad hoc Citizens for Beverly/Salem Water Resources did not receive any additional
funds from the New England Grassroots Fund. Salem Coastwatch is the fiscal
agent for their Butt Bin Borrow Program and Water Canteen Borrow Program in
Beverly and Salem. Expenses related to this program were $185 and the remaining
balance is $282.
Salem Sound 2000, Inc.
D/B/A Salem Sound Coastwatch
Schedule of Functional Expenses
For the Year Ended June 30, 2012
(See Accountant’s Review Report)

<table>
<thead>
<tr>
<th></th>
<th>Programs</th>
<th>General and Administrative</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$74,283</td>
<td>$7,000</td>
<td>$13,000</td>
<td>$94,283</td>
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<tr>
<td>Payroll taxes</td>
<td>5,959</td>
<td>562</td>
<td>1,043</td>
<td>7,564</td>
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<tr>
<td>Employee benefits</td>
<td>6,974</td>
<td>678</td>
<td>272</td>
<td>7,924</td>
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<tr>
<td>Total salaries and benefits</td>
<td>87,216</td>
<td>8,240</td>
<td>14,315</td>
<td>109,771</td>
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<tr>
<td>Advertising and promotion</td>
<td>926</td>
<td></td>
<td>978</td>
<td>1,904</td>
</tr>
<tr>
<td>Conferences, conventions, meetings</td>
<td>1,486</td>
<td></td>
<td>1,100</td>
<td>2,586</td>
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<tr>
<td>Fundraising expenses</td>
<td></td>
<td></td>
<td>3,287</td>
<td>3,287</td>
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<tr>
<td>Information technology</td>
<td>2,300</td>
<td>298</td>
<td></td>
<td>2,598</td>
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<tr>
<td>Insurance</td>
<td>1,000</td>
<td>127</td>
<td></td>
<td>1,127</td>
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<td>Occupancy</td>
<td>7,380</td>
<td>1,820</td>
<td></td>
<td>9,000</td>
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<tr>
<td>Office supplies and telephone</td>
<td>1,000</td>
<td>292</td>
<td></td>
<td>1,292</td>
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<tr>
<td>Other program expenses</td>
<td>53,169</td>
<td></td>
<td></td>
<td>53,169</td>
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<tr>
<td>Postage and printing</td>
<td>310</td>
<td>100</td>
<td>578</td>
<td>988</td>
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<tr>
<td>Professional fees</td>
<td>1,331</td>
<td>211</td>
<td>218</td>
<td>1,760</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>156,118</strong></td>
<td><strong>10,888</strong></td>
<td><strong>20,476</strong></td>
<td><strong>187,482</strong></td>
</tr>
</tbody>
</table>

Page 7