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OCEAN RIVER INSTITUTE, INC.
FINANCIAL STATEMENTS
JANUARY 31, 2012

*2012
Review
046666*

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*2012
Review*

046666

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Directors
Ocean River Institute, Inc.
Cambridge, Massachusetts

We have reviewed the accompanying statement of assets, liabilities, and net assets—cash basis of Ocean River Institute, Inc. (a non-profit organization) as of January 31, 2012, and the related statements of revenues, expenses, and other changes in net assets—cash basis and functional expenses--cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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, We do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our 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 us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting, as described in Note 1.

Maurie Fox-Warren CPA, P.C.

December 7, 2012

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OCEAN RIVER INSTITUTE, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
JANUARY 31, 2012

ASSETS

Cash	\$ 10,080
Marketable securities	501
Website development costs (net)	<u>584</u>

TOTAL ASSETS \$ 11,165

LIABILITIES

Credit card payable	\$ 911
	<u>-</u>

TOTAL LIABILITIES 911

NET ASSETS

UNRESTRICTED NET ASSETS	6,648
PERMANENTLY RESTRICTED NET ASSETS	-
TEMPORARILY RESTRICTED NET ASSETS	<u>3,606</u>

TOTAL NET ASSETS 10,254

TOTAL LIABILITIES AND NET ASSETS \$ 11,165

See accompanying notes and independent accountant's review report.

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OCEAN RIVER INSTITUTE, INC.
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEAR ENDED JANUARY 31, 2012

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Fundraising and contributions	\$ 146,294	\$ 73,000	\$ 219,294
Sublease income	24,085		24,085
Interest and dividend income	<u>10</u>	<u>-</u>	<u>10</u>
 TOTAL REVENUES AND SUPPORT	 <u>170,389</u>	 <u>73,000</u>	 <u>243,389</u>
 NET ASSETS RELEASED FROM RESTRICTIONS	 <u>79,790</u>	 <u>(79,790)</u>	 <u>-</u>
	<u>250,179</u>	<u>(6,790)</u>	<u>243,389</u>
 EXPENSES AND LOSSES			
Program services expenses			
Support for grass roots initiatives	182,345		182,345
Supporting services expenses			-
Administrative services	47,865		47,865
Fundraising expense	35,641		35,641
Net loss on sales of securities	<u>268</u>	<u>-</u>	<u>268</u>
 TOTAL EXPENSES AND LOSSES	 <u>266,119</u>	 <u>-</u>	 <u>266,119</u>
 DECREASE IN NET ASSETS	 <u>(15,940)</u>	 <u>(6,790)</u>	 <u>(22,730)</u>
 NET ASSETS AT BEGINNING OF YEAR	 <u>22,588</u>	 <u>10,396</u>	 <u>32,984</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 6,648</u>	 <u>\$ 3,606</u>	 <u>\$ 10,254</u>

See accompanying notes and independent accountant's review report

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OCEAN RIVER INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED JANUARY 31, 2012

	<u>Program</u> <u>Expenses</u>	<u>Management &</u> <u>General</u>	<u>Fundraising</u>	<u>Total</u>
Employee compensation, payroll taxes and benefits	29,962	5,192	19,214	54,368
Direct program support	69,769	-	-	69,769
Advertising	13,378	8,462	-	21,840
Computer and internet expense	1,890	432	378	2,700
Dues and subscriptions	6,973	1,361	1,186	9,520
License and fees	415	-	-	415
Office supplies and expense	3,136	1,874	387	5,397
Postage and printing	1,161	239	4,546	5,946
Professional and legal fees	1,322	17,398	264	18,984
Rent and occupation costs	40,418	11,278	8,084	59,780
Telephone and communications	6,483	1,441	1,260	9,184
Travel and meetings	6,613	-	157	6,770
Depreciation	825	188	165	1,178
	<u>182,345</u>	<u>47,865</u>	<u>35,641</u>	<u>265,851</u>

See accompanying notes and independent accountant's review report

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OCEAN RIVER INSTITUTE INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Ocean River Institute ("the Institute") is a not-for-profit Institute incorporated under the laws of the Commonwealth of Massachusetts and was recognized as an exempt Institute in May 2007. The Institute fosters greater personal involvement and relationships in conservation, resource monitoring and protecting ecosystems. It builds and actively manages relationships with scientists, community/user groups, and environmental interest groups to foster greater communities, both social and ecological, to protect natural resources and conserve wildlife. The Institute's educational mission is to protect the ecological commons by advancing ecosystem-based citizen-informed management. Contributions represent the Institute's primary source of revenues.

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting which differs from the accrual basis of accounting required under generally accepted accounting principles. The primary differences between the Institute's method and the method required by generally accepted accounting principles are that revenue and support, including unconditional promises to give, are recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred.

Prior to the current fiscal year, the Institute prepared its Form 990 and financial statements using generally accepted accounting principles. Effective February 1, 2011, the Institute adopted the cash basis of accounting for its income tax returns and financial statements. Accordingly, Unrestricted Net Assets as of February 1, 2011 have been increased by \$2,999 to reflect the change to the new method.

Basis of Presentation

The Institute reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Equivalents

The Institute considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

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OCEAN RIVER INSTITUTE INC.
NOTES TO THE FINANCIAL STATEMENTS

Marketable Securities

Securities held in the Organization's brokerage account are reported at the average value of the securities on date of contribution. It is the policy the Organization to sell these securities as soon as practicable and to hold the proceeds as cash. A gain or loss on the sale of securities is recorded for the difference between the average value of the securities on the day of receipt and the actual sale proceeds. The market values of securities held on January 31, 2012 was \$532.

Equipment and Depreciation

All equipment, improvements and website development costs with a cost in excess of \$500 are capitalized and stated at cost less accumulated depreciation. Depreciation is provided by use of the straight-line method over the estimated useful lives of equipment and over the term of the related lease for leasehold improvements.

Donated Services and Equipment

While it is the Institute's policy is to pay for services requiring expertise, the Institute's president has served full time since February 2007 for only nominal compensation. It is the policy of the Institute not to recognize the value of donated services or equipment.

Use of Estimates

The allocation of expenses reported in these financial statements includes the use of estimates.

Contributions

Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions are recorded as revenue upon receipt of cash or securities.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires or the funds are used for the restricted purpose, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

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OCEAN RIVER INSTITUTE INC.
NOTES TO THE FINANCIAL STATEMENTS

Income Taxes

The Ocean River Institute is a not-for-profit organization, other than a private foundation, exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

The Organization is required to file a Federal Form 990 or 990-EZ each year as well as a Massachusetts Form PC. The federal returns for the years ending January 31, 2010 through 2012 are subject to examination by the IRS, generally for three years after they were filed.

The Organization has not filed a Massachusetts Form PC for the years ended January 31, 2010 and 2011 because of unresolved accounting issues. The Form PC for the year ending January 31, 2012 is subject to examination by the Charities Division of the Massachusetts Attorney General's office.

Advertising

The Institute may use advertising to promote its programs and fund raising efforts. The costs of advertising are expensed when paid.

Subsequent Events

The Organization has evaluated subsequent events through December 7, 2012 which is the date the financial statements were available to be issued.

NOTE 2 - LEASE AND SUBLEASE

In December 2009, the Organization signed a five year lease expiring on December 14, 2014 personally guaranteed its president. Rent for the twelve months ending January 31, 2012 totaled \$44,629. The minimum rentals under the lease are as follows for the years ending:

January 31, 2013 -	\$ 44,071
2014 -	45,067
2015 -	42,148
	<u>\$131,286</u>

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OCEAN RIVER INSTITUTE INC.
NOTES TO THE FINANCIAL STATEMENTS

The Institute subleases approximately one half of the leased space for \$2,175 per month. The minimum rental income to be received under the sublease is as follows for years ending:

January 31, 2013	-	\$ 26,100
2014	-	26,100
2015	-	<u>23,925</u>
		<u>\$ 76,125</u>

NOTE 3 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and activities have been summarized on a functional basis in the statement of revenues, expenses and other changes in net assets - cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following summarizes program expenses by program area:

Support of flight operations to advance ocean, coastal and watershed protection efforts on the west coast - \$72,774

Campaign to fund ecosystem-based management as part of the national ocean policy - \$42,708

Collaboration with the Herring Alliance and Mystic River Watershed Association to better conditions for river herring - \$25,668

Work with Florida's Martin County on Indian River to enact a lawn fertilizing ordinance - \$15,387

Support of educational programs to school and community groups in Florida - \$9,515

Assistance to Virgin Island Environmental Council - \$9,051

Work with local Alaskan groups to promote research, protect the Chuitna River and local wildlife - \$7,242

NOTE 4 - WEBSITE DEVELOPMENT COSTS

Website development costs are reported at the direct costs paid for the construction of the Institute's website less accumulated depreciation of \$5,301.

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OCEAN RIVER INSTITUTE INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 -CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 48% of the Institute's contributions came from a single donor advised fund and 18% from a second donor advised fund. Approximately 89% of all contributions came from the five largest contributors.

NOTE 6 - RETIREMENT PLANS

The Organization has established a 401(k) plan to enable its employees to save for their retirements. The Organization does not match contributions and thus has no expense for the year ended January 31, 2012.

NOTE 7 - DIRECT PROGRAM SUPPORT

The reimbursement of costs required to house and operate a small airplane engaged in conservation work off the California coast constitutes the bulk of direct program support.