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2012

Review

**THACHER ISLAND ASSOCIATION
TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Page
Independent Accountants' Review Report	1
Statements of Financial Position	2
Statements of Activities and Changes in Fund Balances	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 8

Berkowitz & Associates*Certified Public Accountants*Fredric L. Berkowitz, CPA
Cheryl M. LaVigneKathleen Wright, CPA
Eileen Dunning, E.A.To the Board of Trustees
Thacher Island Association
Rockport, Massachusetts**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

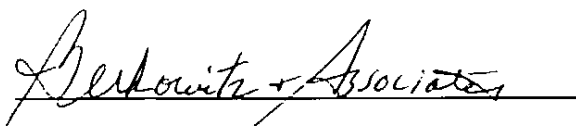
We have reviewed the accompanying statements of financial position of the Thacher Island Association (a nonprofit organization) as of December 31, 2012 and 2011, and the related statements of activities and changes in fund balances and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association 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 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.

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 accounting principles generally accepted in the United States of America.

BERKOWITZ & ASSOCIATES, CPA'S



July 30, 2013

THACHER ISLAND ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash, non-interest bearing	\$ 134,222	\$ 45,388
Cash, interest-bearing	95,730	258,710
Investments	361,855	119,576
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TOTAL ASSETS	\$ 591,807	\$ 423,674
	<hr/>	<hr/>
FUND BALANCES		
Unrestricted	\$ 436,807	\$ 283,069
Temporarily restricted	155,000	140,605
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TOTAL FUND BALANCES	\$ 591,807	\$ 423,674
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See accompanying notes and independent accountants' review report

THACHER ISLAND ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES		
Grants	\$ 157,500	\$ 108,901
Contributions	31,035	23,749
Member assessments and activities	15,315	11,654
Fundraising activities, net	11,315	15,460
Interests and dividends	8,305	6,864
Net realized and unrealized gain	14,955	(1,033)
	<hr/>	<hr/>
Total Revenues	238,425	165,595
 EXPENSES		
Boat expenses	12,779	130,487
Repairs and maintenance	7,705	10,501
Island restoration	38,367	7,581
Office and administrative	9,517	8,321
Investment management fees	1,400	75
Telephone and internet	1,390	734
Other miscellaneous expenses and refunds	(866)	348
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Total Expenses	70,292	158,047
 CHANGE IN FUND BALANCES		
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FUND BALANCES, beginning of year	423,674	416,126
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FUND BALANCES, end of year	\$ 591,807	\$ 423,674

See accompanying notes and independent accountants' review report

**THACHER ISLAND ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in fund balances	\$ 168,133	\$ 7,548
Adjustments to reconcile change in fund balances to net cash provided by operating activities:		
Realized and unrealized gain on investments	(14,955)	1,033
	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	153,178	8,581
CASH FLOWS FROM INVESTING ACTIVITIES:		
Fees and fund withdrawals	(350,737)	-
Deposits and proceeds from sale of securities	123,413	-
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NET CASH USED IN INVESTING ACTIVITIES	(227,324)	-
NET (DECREASE) INCREASE IN CASH	(74,146)	7,548
CASH AND CASH EQUIVALENTS, beginning of year	304,098	269,382
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CASH AND CASH EQUIVALENTS, end of year	\$ 229,952	\$ 304,098
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SUPPLEMENTAL INFORMATION

Cash, non-interest bearing	\$ 134,222	\$ 45,388
Cash, interest-bearing	\$ 95,730	\$ 258,710

See accompanying notes and independent accountants' review report

**THACHER ISLAND ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Association was established to preserve and maintain the historic integrity of Thacher Island, its lighthouses, buildings and other facilities. The Association raises funds via a number of methods including sale of Thacher Island related merchandise, grant writing, fund-raisers such as annual lighthouse cruise, art and photography days, auctions, and membership fees, and donations. The ultimate role of the Association is to do everything possible to encourage visitors to enjoy the cultural, historical and scenic benefits, which the island offers.

Basis of Accounting

The Association's financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, revenues and expenses, and disclosures during the reporting period. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Association follows the Not-For-Profit Entities topic of the FASB Accounting Standards Codification with respect to financial statement presentation. Under this topic, the Association is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Association is required to present a statement of cash flows.

Contributions

The Association follows the Not-For-Profit Entities subtopic and Revenue Recognition subtopic of the FASB Accounting Standards Codification with respect to contributions. In accordance with these subtopics, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

See accountants' review report

**THACHER ISLAND ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all money market mutual funds and highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

The Association follows the Not-For-Profit Entities subtopic of the FASB Accounting Standards Codification with respect to investments. Under this subtopic, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

Concentration of Risk

Financial instruments that potentially subject the Association to off-balance-sheet credit risk include cash on deposit with financial institutions which were insured up to \$250,000 by the U.S. Federal Deposit Insurance Corporation. At various times throughout the year ended December 31, 2012, the Association's balance in its accounts has not exceeded these federally insured limits.

NOTE 2 - INVESTMENTS

The portfolio of investments is carried at their fair market value. For donated investments, cost is determined to be fair market value at the date of gift. Market values and cost basis pertained to the investment portfolio as of December 31, 2012 and 2011 are as follows:

See accountants' review report

THACHER ISLAND ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 2 – INVESTMENTS (Continued)

	<u>2012</u>		<u>2011</u>	
	FMV	Cost Basis	FMV	Cost Basis
Fixed Income	\$ 109,678	\$ 105,370	\$ 119,576	\$ 118,079
Equities	242,420	233,445	-	-
Broad Commodities	9,757	9,838	-	-
	<u>\$ 361,855</u>	<u>\$ 348,653</u>	<u>\$ 119,576</u>	<u>\$ 118,079</u>

NOTE 3 - FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs and other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Association uses appropriate valuation techniques based on the Level 1 inputs to measure the fair value of its investments.

NOTE 4 - BOAT EXPENSE

During the year ended December 31, 2010 the Association entered into grant agreements for \$125,000 for the purchase of a customized ferry boat. The purchase of the boat was completed in 2011 from restricted funds and the boat was donated to the Town of Rockport. The Association also continues to help the Town maintain the boat and spent \$12,777 for repairs and maintenance during the year ended December 31, 2012.

See accountants' review report

**THACHER ISLAND ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 5 - TEMPORARILY RESTRICTED FUND BALANCES

The Association receives grants and donations earmarked for specific purposes and separately maintains said funds accordingly. The Association received approximately \$157,500 for the Straitsmouth lighthouse restoration project during the year ended December 31, 2012 and \$2,500 was reclassified under the unrestricted fund and \$155,000 under the temporarily restricted fund.

See accountants' review report