

HARVEY & MARTIN, P.C.

GREATER LAWRENCE COMMUNITY
BOATING PROGRAM, INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
OCTOBER 31, 2011 AND 2010



HARVEY & MARTIN, P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

June 28, 2012

To the Board of Directors
Greater Lawrence Community Boating Program, Inc.
1 Eaton Street, P.O. Box 955
Lawrence, MA 01842

We have audited the accompanying statement of financial position of Greater Lawrence Community Boating Program, Inc. (a nonprofit organization) as of October 31, 2011, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Greater Lawrence Community Boating Program, Inc. as of October 31, 2010, were audited by other auditors whose report dated September 12, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Lawrence Community Boating Program, Inc. as of October 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Yours truly,

GREATER LAWRENCE COMMUNITY BOATING PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION, OCTOBER 31, 2011 AND 2010

-- ASSETS --

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 89,537	\$ 62,502
Grant and other receivables	43,500	32,244
Investments	--	10,633
Prepaid expenses	<u>8,744</u>	<u>9,831</u>
Total current assets	<u>141,781</u>	<u>115,210</u>
PROPERTY AND EQUIPMENT:		
Boats and equipment	569,890	521,391
Less: Accumulated depreciation	<u>(466,243)</u>	<u>(446,049)</u>
Property and equipment - net	<u>103,647</u>	<u>75,342</u>
TOTAL	<u>\$245,428</u>	<u>\$190,552</u>

-- LIABILITIES AND NET ASSETS --

CURRENT LIABILITIES:		
Note payable	\$ 19,595	\$ 15,000
Accounts payable	5,495	7,437
Accrued expenses	10,099	4,241
Current maturities of long-term debt	<u>16,001</u>	<u>--</u>
Total current liabilities	51,190	26,678
LONG-TERM DEBT	<u>24,311</u>	<u>--</u>
Total liabilities	<u>75,501</u>	<u>26,678</u>
NET ASSETS:		
Unrestricted	156,427	120,502
Temporarily restricted	<u>13,500</u>	<u>43,372</u>
Total net assets	<u>169,927</u>	<u>163,874</u>
TOTAL	<u>\$245,428</u>	<u>\$190,552</u>

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

GREATER LAWRENCE COMMUNITY BOATING PROGRAM, INC.

STATEMENTS OF ACTIVITIES, OCTOBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS:		
Revenues, gains and other support:		
Contributions, gifts and donations	\$121,104	\$120,678
Rowing program revenue	120,120	87,297
Government grants	--	32,244
In-kind donations	7,500	20,500
Special events, net of expenses of \$9,466 and \$17,368	30,365	12,722
Membership fees – boating program	13,594	10,811
Regatta program revenue	--	2,109
Miscellaneous	8,018	1,537
Investment income	382	1,218
Realized and unrealized gains on investments	--	613
Net assets released from restrictions	<u>43,372</u>	<u>33,002</u>
Total unrestricted revenues, gains and other support	<u>344,455</u>	<u>322,731</u>
Expenses:		
Program services – boating and rowing	241,748	280,934
Management and general	<u>66,782</u>	<u>46,385</u>
Total expenses and losses	<u>308,530</u>	<u>327,319</u>
CHANGES IN UNRESTRICTED NET ASSETS	<u>35,925</u>	<u>(4,588)</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	13,500	45,400
Net assets released from restrictions	<u>(43,372)</u>	<u>(33,002)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(29,872)</u>	<u>12,398</u>
CHANGE IN NET ASSETS	6,053	7,810
NET ASSETS - BEGINNING	<u>163,874</u>	<u>156,064</u>
NET ASSETS - ENDING	<u>\$169,927</u>	<u>\$163,874</u>

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

GREATER LAWRENCE COMMUNITY BOATING PROGRAM, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES:		
Cash received	\$304,911	\$338,372
Interest received	382	1,218
Cash paid for operating expenses	(267,378)	(310,416)
Interest paid	<u>(651)</u>	<u>(912)</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>37,264</u>	<u>28,262</u>
INVESTING ACTIVITIES:		
Proceeds from sale of investments	10,633	--
Purchase of investments	--	(967)
Purchase of property and equipment	<u>(62,814)</u>	<u>(25,936)</u>
CASH USED BY INVESTING ACTIVITIES	<u>(52,181)</u>	<u>(26,903)</u>
FINANCING ACTIVITIES:		
Proceeds from long-term debt	48,374	--
Net proceeds (payments) on note payable	1,640	(1,045)
Principal payments on long-term debt	<u>(8,062)</u>	<u>--</u>
CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>41,952</u>	<u>(1,045)</u>
NET INCREASE IN CASH	27,035	314
CASH AND CASH EQUIVALENTS – BEGINNING	<u>62,502</u>	<u>62,188</u>
CASH AND CASH EQUIVALENTS – ENDING	<u>\$ 89,537</u>	<u>\$ 62,502</u>

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

GREATER LAWRENCE COMMUNITY BOATING PROGRAM, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED OCTOBER 31, 2011 AND 2010

	2011		2010		TOTAL EXPENSES
	BOATING AND ROWING	MANAGEMENT AND GENERAL	BOATING AND ROWING	MANAGEMENT AND GENERAL	
Salaries and wages	\$ 68,309	\$36,050	\$ 94,453	\$31,484	\$125,937
Promotions	--	--	1,637	--	1,637
Professional fees	--	10,342	3,432	6,432	9,864
Facility costs	7,500	--	7,500	--	7,500
Contract labor	69,723	--	73,812	--	73,812
Insurance	13,565	2,589	16,095	3,702	19,797
Office expenses	1,973	7,660	3,855	3,855	7,710
Supplies	4,276	--	30,002	--	30,002
Repairs and maintenance	13,621	--	27,323	--	27,323
Interest	--	651	--	912	912
Depreciation	34,509	--	22,825	--	22,825
Telephone and internet	--	2,158	--	--	--
Uniforms	4,839	1,812	--	--	--
Utilities	360	2,181	--	--	--
Payroll taxes and benefits	6,202	3,339	--	--	--
Program expenses	16,871	--	--	--	--
TOTAL EXPENSES	\$241,748	\$66,782	\$280,934	\$46,385	\$327,319

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

GREATER LAWRENCE COMMUNITY BOATING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2011 AND 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Greater Lawrence Community Boating Program, Inc. (the "Organization") is a non-profit corporation which supports and maintains an instructional boating, rowing and sailing program in Lawrence, Massachusetts. The program provides a refuge from destructive street culture and exposes local youths to recreational boating activities that they otherwise wouldn't have access to. The Organization relies on a grant from the City of Lawrence, fund raising proceeds, and the generosity of donors to fund this program.

Certain reclassifications have been made to the October 31, 2010 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged by these reclassifications.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization carries its grant and other receivables at cost less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its grant and other receivables and establishes an allowance for doubtful accounts, based on the history of past write-offs, collections and current credit conditions. As of October 31, 2011 and 2010, there was no allowance for doubtful accounts.

Property and equipment are recorded at cost. Costs of maintenance and repairs are charged to expense while costs of significant renewals and betterments are capitalized. Depreciation is computed principally based on a straight-line method over the estimated useful lives of the assets as follows:

Boats	3 to 7 years
Equipment	3 to 5 years

The Organization is required to report 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. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Unrestricted net assets comprise those assets upon which donors have placed no restrictions on expenditure of the principal or income subject to the approval of the Organization's Board of Directors.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Temporarily Restricted Net Assets

Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time are classified as temporarily restricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same fiscal year are reported as unrestricted support. As of October 31, 2011 and 2010 the Organization had temporarily restricted assets of \$13,500 and \$43,372, respectively.

Permanently Restricted Net Assets

Permanently restricted net assets comprise those assets contributed to the Organization that are to remain in perpetuity as permanent assets of the Organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. As of October 31, 2011 and 2010 the Organization had no permanently restricted net assets.

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Estimates are used for, but not limited to, depreciation, accrued liabilities and other reserves. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include time deposits, certificates of deposits and all highly liquid debt instruments with original maturities of three months or less.

3. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at October 31 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Boats	\$447,545	\$397,151
Equipment	<u>122,345</u>	<u>124,240</u>
Total	569,890	521,391
Less: Accumulated depreciation	(466,243)	(446,049)
Property and equipment - net	<u>\$103,647</u>	<u>\$ 75,342</u>

Total depreciation expense for the years ended October 31, 2011 and 2010 was \$34,509 and \$22,825, respectively.

4. NOTE PAYABLE

The Organization has \$20,000 bank revolving line of credit with interest at prime plus 1% (4.25% at October 31, 2011), secured by a certificate of deposit. The balance on this note payable as of October 31, 2011 and 2010 was \$19,595 and \$15,000, respectively.

5. LONG-TERM DEBT

Long-term debt at October 31, 2011 consisted of the following:

0% to 8.90% note payable to financial institution with quarterly installments ranging from \$4,031 to \$4,258, secured by boats maturing March 2014	\$40,312
Less: Current maturities	(16,001)
LONG-TERM DEBT	<u>\$24,311</u>

Following are maturities of long-term debt for each of the next three years:

<u>October 31</u>	<u>Amount</u>
2012	\$16,001
2013	16,106
2014	<u>8,205</u>
TOTAL	<u>\$40,312</u>

6. TAXES

The Organization has been granted tax-exempt status under Internal Revenue Code Section 501(c) (3) and is, therefore, generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

The Organization is required to evaluate or disclose tax positions that could have an effect on the Organization's financial statements. The Organization reports its activities to the Internal Revenue Service and to the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the government agencies for a period of three years after filing. Substantially all of the Organization's income, expenditures and activities relate to its exempt purpose, therefore, management has determined that the Organization is not subject to unrelated business income taxes and will continue to qualify as a tax-exempt not-for-profit entity.

7. BOARD DESIGNATED ASSETS

The Organization's Board of Directors has designated net assets for the acquisition of boats, certain related expenditures of a capital nature, and fundraising costs. At October 31, 2011 and 2010, the Board Designated Assets totaled \$43,000 and \$55,929, respectively.

8. TEMPORARILY RESTRICTED NET ASSETS

As of October 31, 2011 and 2010 temporarily restricted net assets were comprised of the following:

	<u>2011</u>	<u>2010</u>
Capital campaign	\$ --	\$27,722
Dock repairs and improvements	--	15,650
Instructors	<u>13,500</u>	<u>--</u>
Total	<u>\$13,500</u>	<u>\$43,372</u>

9. CASH FLOWS

The following is a reconciliation of change in net assets to cash provided by operating activities:

	<u>2011</u>	<u>2010</u>
Change in net assets	\$ <u>6,053</u>	\$ <u>7,810</u>
Adjustments:		
Depreciation	34,509	22,825
Increase (decrease) in accounts payable	1,013	(4,543)
Increase (decrease) in accrued expenses	5,858	(766)
(Increase) decrease in accounts receivable	(11,256)	8,206
Decrease in prepaid expenses	1,087	1,343
Capitalized in-kind donation	--	(6,000)
Unrealized gain on investments	--	(613)
Total adjustments	<u>31,211</u>	<u>20,452</u>
Cash provided by operating activities	\$ <u>37,264</u>	\$ <u>28,262</u>

10. COMMITMENTS - FACILITIES

The Organization operates from the Lawrence Riverfront Boathouse, which is owned by the Commonwealth of Massachusetts. The Department of Conservation and Recreation issued a special use permit allowing the program to operate its facilities from the third week of June through the Friday after Labor Day (two and a half months) for a period of five years, beginning January 1, 2004 and ending December 31, 2008. In February of 2009, an agreement was executed with the Department of Conservation and Recreation authorizing the Organization to occupy and use the Lawrence Riverfront Boathouse for an additional 4 year term effective January 1, 2009 and terminating December 31, 2012.

The Program is responsible for the management, boat maintenance and security of the facility, as well as electricity from July 1 – August 31, and in exchange, is not required to pay rent. The monthly rental market value of the boathouse was estimated to be \$3,000. Facilities expense, including donated rent expense, was \$7,500 and \$7,500 for the years ended October 31, 2011 and 2010, respectively.

11. IN-KIND DONATION

The Organization records revenue and expenditures of an in-kind nature which represent the estimated fair market value of donated goods and services. The value of these contributions consisted of the following at October 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Support and revenues:		
Dock repairs and installation	\$ --	\$ 7,000
Truck	--	6,000
Rent	<u>7,500</u>	<u>7,500</u>
Total	\$ <u>7,500</u>	\$ <u>20,500</u>
Expenses:		
Repairs and maintenance	\$ --	\$ 7,000
Rent	<u>7,500</u>	<u>7,500</u>
Total	\$ <u>7,500</u>	\$ <u>14,500</u>

11. IN-KIND DONATION (CONT.)

In addition to the above in-kind donations which were recorded in the financial statements, several individuals volunteer their time to assist the Organization. No amounts have been reflected in the financial statements for these non-specialized donated services.

12. EVALUATION OF SUBSEQUENT EVENTS

The date to which events occurring after October 31, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is June 28, 2012, which is the date on which the financial statements were available to be issued.
