

**HULL LIFESAVING MUSEUM, INC.**

**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED JUNE 30, 2010 & 2009**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
of the Hull Lifesaving Museum, Inc.

I have audited the accompanying statement of financial position of the Hull Lifesaving Museum, Inc. (the Museum) (a non-profit organization) as of June 30, 2010 and 2009, and the related statements of activity and cash flows for the year then ended. These financial statements are the responsibility of the management of the Hull Lifesaving Museum, Inc. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hull Lifesaving Museum, Inc. as of June 30, 2010 and 2009, the changes in its net assets and its cash flow for the year then ended in conformity with generally accepted accounting principles in the United States of America.



November 15, 2010

**HULL LIFESAVING MUSEUM, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30,**

	<u>2010</u>	<u>Restated 2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 62,679	\$ 61,577
Donations receivable	9,962	23,176
Merchandise inventory, at cost	7,561	4,150
Prepaid expenses	3,726	3,777
Property & equipment, net of accumulated depreciation	<u>70,526</u>	<u>70,746</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 154,454</u></u>	<u><u>\$ 163,426</u></u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 8,968	\$ 22,707
Accrued payroll and taxes	10,939	19,433
Notes payable	40,000	-
Deferred revenue	<u>70,000</u>	<u>36,050</u>
<b>TOTAL LIABILITIES</b>	<u>129,907</u>	<u>78,190</u>
<b>NET ASSETS</b>		
Unrestricted	<u>24,547</u>	<u>85,236</u>
<b>TOTAL NET ASSETS</b>	<u>24,547</u>	<u>85,236</u>
<b>LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 154,454</u></u>	<u><u>\$ 163,426</u></u>

**HULL LIFESAVING MUSEUM, INC.**  
**STATEMENTS OF ACTIVITY**  
**YEARS ENDED JUNE 30,**

	<u>2010</u>	<u>2009</u> <u>Restated</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>Support</b>		
Foundation and corporate donors	\$ 203,051	\$ 325,275
Agency funding and programs	172,480	207,268
Contributing dues	113,578	45,933
Non-agency fund programs	23,268	29,232
Fundraising & function income, net	15,032	28,671
Membership dues	2,065	5,380
Gift shop income, net	2,129	5,270
Admission fees	1,704	1,156
Other income	7,817	-
Interest income	106	847
	<u>541,230</u>	<u>649,032</u>
<b>Expenses</b>		
Programs	569,527	712,694
Management and general	16,121	19,466
Fundraising	16,271	11,728
	<u>601,919</u>	<u>743,888</u>
<b>Excess (deficit) of support     and revenue over expenses</b>	<b>(60,689)</b>	<b>(94,856)</b>
<b>Net assets, beginning</b>	<u>85,236</u>	<u>180,092</u>
<b>Net assets, ending</b>	<u>\$ 24,547</u>	<u>\$ 85,236</u>

**HULL LIFESAVING MUSEUM, INC.**  
**SUPPLEMENTARY INFORMATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30,**

	Programs	Management and General	Fund Raising	2010 Totals	2009 Totals
Direct labor	\$ 233,944	-	-	\$ 233,944	\$ 285,310
Salaries and benefits	212,965	11,328	2,266	226,558	271,589
Insurance	37,324	1,964	-	39,289	41,709
Maritime events	34,516	-	-	34,516	35,647
Telephone	9,719	512	-	10,230	10,305
Professional fees	7,050	-	-	7,050	10,624
Utilities	7,034	370	-	7,404	8,587
Station	4,510	-	-	4,510	8,689
Facility costs & maintenance	4,131	217	-	4,348	12,060
Supplies	4,009	127	84	4,220	5,080
Office	3,557	271	39	3,866	5,781
Miscellaneous	2,965	156	-	3,121	2,858
Curatorial	2,541	-	-	2,541	3,731
Printing	2,372	276	2,868	5,515	5,072
Depreciation	1,399	74	-	1,473	5,422
Bank and credit card fees	1,352	75	75	1,502	1,535
Postage	1,129	291	291	1,710	3,570
Internet	1,124	62	62	1,249	1,224
Professional development	823	-	-	823	7,114
Website	814	45	45	905	2,301
Fundraising	-	-	10,541	10,541	5,356
Publications	-	-	-	-	144
Penalties	-	-	-	-	25
(Gain)/loss on inventory valuation	(3,749)	353	-	353	-
Total	\$ 569,527	16,121	16,271	\$ 601,919	\$ 743,887

**HULL LIFESAVING MUSEUM, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30,**

	<u>2010</u>	<u>Restated 2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (60,689)	\$ (94,856)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,473	5,422
(Increase) decrease in operating assets:		
Promises to give (unrestricted) and other receivables	13,214	(8,540)
Prepaid expenses	51	1,660
Inventory	(3,411)	8,630
Increase (decrease) in operating liabilities:		
Accounts payable	(13,739)	19,251
Deferred revenue	33,950	(4,077)
Accrued payroll	(8,497)	155
Payroll taxes payable	-	(4,475)
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<u>(37,648)</u>	<u>(76,830)</u>
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Payments for property and equipment	<u>(1,250)</u>	<u>(19,779)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Addition of short-term debt	<u>40,000</u>	<u>(7,500)</u>
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<u>40,000</u>	<u>(7,500)</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>	1,102	(104,109)
<b>BEGINNING CASH</b>	<u>61,577</u>	<u>165,686</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 62,679</u>	<u>\$ 61,577</u>

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

**HULL LIFESAVING MUSEUM, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 1 - NATURE OF ACTIVITIES**

The Hull Lifesaving Museum, Inc (the Museum) is a Massachusetts non-profit, charitable corporation that was founded in June 1981. The Museum preserves the region's lifesaving tradition and maritime culture through collections, exhibits, experiential and interpretive education, research, and service to others. The Museum's open water rowing programs in Boston Harbor educate young people about themselves while developing a constituency that takes stewardship for its maritime history. The deeds, traditions, and ethic of the 19<sup>th</sup> century coastal lifesavers – Skill, Courage, and Caring – are the foundation of the Museum's exhibits and programs and its underlying commitment to working to impact society, and individual lives, for the better.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) Accrual Accounting

The accounts of the Museum are maintained on the accrual basis of accounting. This means that bills for materials received by or services rendered for the Museum are reported as costs or expenses regardless of when payment is made. Likewise, revenue is recognized when goods or services have been substantially rendered by the Museum rather than upon the receipt of the payment for those goods or services. However, dues are considered fully earned upon the later of the date of receipt or the first day of the fiscal year to which they apply, because no significant services must be rendered after the date of receipt.

(b) Financial Statement Presentation

The Museum has elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not for Profit Organizations*. Under SFAS No. 117, the Museum 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.

Unrestricted net assets are available as determined by the officers of the Museum for day-to-day operations to carry out the objectives of the Museum.

Temporarily restricted net assets are subject to donor imposed stipulations that may or will be met by actions of the Museum and/or the passage of time. There were no temporarily restricted net assets in fiscal years 2010 and 2009.

Permanently restricted net assets arise from gifts and bequests accepted with donor restrictions that (1) the principal be maintained intact and (2) that income is expended as specified by the donor. There were no permanently restricted net assets in fiscal years 2010 and 2009.

**HULL LIFESAVING MUSEUM, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts. The Museum's cash balances are maintained with Citizens Bank and Sovereign Bank. Money market accounts are maintained with Edward Jones Investments. The statement of cash flows reports cash activity in restricted net assets, but only as it pertains to investing and financing activities.

	June 30, 2010	June 30, 2009
Checking and Savings	37,393	49,790
Money Market	25,286	11,787
	62,679	61,577

(d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. These may 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.

(e) Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, or the restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. At June 30, 2010 and June 30, 2009 there were no restrictions in place.



**HULL LIFESAVING MUSEUM, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(f) Contributed Goods and Service

The Museum records various types of in-kind support including contributed tools and boats. Contributions of tangible assets are recognized at fair market value when received. There were no contributed tangible assets during fiscal 2010 and 2009.

(g) Compensated Absences and Fringe Benefits

Employees of the Museum are entitled to compensation for vacation, sick, and personal days depending on hours worked and years of service. No year to year carryover is allowed for vacation, sick, or personal days.

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment are capitalized on the statement of position at cost and represent expenditures for tangible assets having a useful life beyond one accounting cycle. Costs for maintenance and repair of these assets are charged to operations. Costs of significant renewals and betterments are capitalized on the Statement of Position.

	June 30,	
	2010	2009
Boats	\$ 84,548	\$ 84,548
Equipment	41,536	40,284
Furnishings	11,271	11,271
MP Boat	10,000	10,000
Museum Boat House	15,209	15,209
Museum Improvements	14,350	14,350
Vehicles	1,500	1,500
	178,414	177,162
Less: Accumulated Depreciation	(107,888)	(106,416)
Total	\$ 70,526	\$ 70,746

Property and equipment are depreciated over their estimated useful lives on a straight-line basis. The building is depreciated over 40 years. General equipment is depreciated over 10 years. Computer equipment is depreciated over 5 years.

**NOTE 4 – NOTES PAYABLE**

The Museum has two notes payable of \$20,000 each. One note is due the Executive Director and one is due to the Capouch Trust.

**HULL LIFESAVING MUSEUM, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 5 – GRANTS**

The Museum receives funds from federal, state, and municipal agencies, as well as private foundations, to operate job-training and experiential education programs for youths committed to the Department of Youth Service and in Boston Public Schools. Additionally, the Museum receives grants from these resources to support Museum education, exhibits, and historic preservation of its sites.

**NOTE 6 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on the functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

In fiscal year 2010, the Executive Director loaned \$20,000 to the Museum for working capital purposes. This loan is still outstanding as of the date of this report.

**NOTE 8 - TAX-EXEMPT STATUS**

The Museum, since its inception, has been qualified as a tax-exempt organization under the provisions of Internal Revenue Service Code Sec. 501(c)(3).

**NOTE 9 – ADVERTISING**

The Museum expenses advertising costs as incurred.

**NOTE 10 – CONCENTRATIONS OF CREDIT RISK**

The Museum's financial instruments that are exposed to concentration of credit risk consist of cash held at various deposit accounts. At June 30, 2010 all bank cash accounts and brokerage money market accounts were fully insured.

**HULL LIFESAVING MUSEUM, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 11 - FACILITIES**

The Hull Lifesaving Museum leases its two Hull, MA facilities, the Point Allerton Station and the Windmill Point Boathouse, through a year-to-year lease agreement with the Town of Hull. The Lifesaving Museum staff and Board are currently working to develop a long-term arrangement.

The Boston Redevelopment Authority (BRA) allows the Museum access to its Seaport Boatshop at 22 Drydock Avenue, Boston. The Museum also has access to floats at the Barking Crab Restaurant, operated by Neptune Marine Services.

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

According to management, the Museum has no known long-term commitments not reflected in the financial statements or any contingent liabilities of a material nature. Also, there are no known legal actions underway or anticipated against the financial interests of the Museum as of the date of this report other than those disclosed in these footnotes.

**NOTE 13 – RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS**

The Hull Lifesaving Museum restated the fiscal year 2009 and 2008 financial statements to more properly match revenues with proper accounting period as required by generally accepted accounting principles. Generally accepted accounting principles require revenue be recognized when earned.

	<u>As Restated</u>		<u>As Reported</u>	
	2009	2008	2009	2008
Revenue	\$649,032	\$656,348	\$644,955	\$696,475
Deferred revenue	36,050	40,127	-	-
Net assets	\$ 85,236	\$180,092	\$121,286	\$220,219