

2011

2011-12-31 09:00

CHELSEA RESTORATION CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED

DECEMBER 31, 2011

CHELSEA RESTORATION CORPORATION

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CHELSEA RESTORATION CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

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Assets

2011

Assets:	
Cash	\$ 96,903
Receivership funds receivable	35,232
Rehab loan receivable	21,969
Prepaid expenses	3,775
Property and equipment	1,138,950
Investments	<u>1</u>
Total assets	<u>\$1,296,830</u>

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	\$ 4,435
Short term debt	25,000
Long term debt	<u>765,827</u>
Total liabilities	<u>795,262</u>
Unrestricted net assets	<u>501,568</u>
Total net assets	<u>501,568</u>
Total liabilities and net assets	<u>\$1,296,830</u>

See Accompanying Notes and Accountant's Report

CHELSEA RESTORATION CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

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	<u>2011</u>
Changes in unrestricted net assets	
Revenues:	
Rents	\$ 179,248
Program revenue	86,166
Contributions	25,695
Interest and investment income	<u>52</u>
 Total unrestricted revenues	 291,161
 Net assets released from donor restrictions	 <u>90,008</u>
 Total unrestricted revenues and other support	 <u>381,169</u>
 Expenses:	
Program	368,939
Fundraising	41,150
Management	<u>48,670</u>
 Total expenses	 <u>458,759</u>
 Decrease in unrestricted net assets	 <u>(77,590)</u>
 Changes in temporarily restricted net assets:	
Contributions	143,613
Net assets released from donor restrictions	<u>(90,008)</u>
 Decrease in temporarily restricted net assets	 <u>53,605</u>
 Total decrease in net assets	 (23,985)
 Net assets, beginning of year	 <u>525,553</u>
 Net assets, end of year	 <u>\$ 501,568</u>

See Accompanying Notes and Accountant's Report

CHELSEA RESTORATION CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2011

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	<u>2011</u>
Cash flows from operating activities:	
Change in net assets	\$ (23,985)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:	
Depreciation	20,946
(Increase) decrease in:	
Grants and other receivables	20,187
Receivership funds	600,474
Prepaid expense	5,141
Accounts payable and accrued expenses	<u>2,935</u>
Net cash provided by operating activities	<u>585,324</u>
Cash flows from investing activities	
Repayments on rehab loan receivable	<u>2,833</u>
Net cash provided by investing activities	<u>2,833</u>
Cash flows from financing activities	
Repayments on Notes Payable	(490,711)
Principal payments on loans	<u>(69,818)</u>
Net cash used by financing activities	<u>(560,529)</u>
Net increase in cash	<u>27,628</u>
Cash, beginning of year	<u>69,275</u>
Cash, end of year	<u>\$ 96,903</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	\$ 52,146

See Accompanying Notes and Accountant's Report

CHELSEA RESTORATION CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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Note 1 - Summary of Significant Accounting Policies

Nature of activities

Chelsea Restoration Corporation (the Organization) operates as a non-profit community development organization. The Organization was formed on May 12, 1977 by local residents who were interested in the revitalization of the City of Chelsea, Massachusetts. Initially a volunteer organization, with hopes to reach its goal by purchasing and rehabilitating buildings with desires to eliminate blight and encourage the private sector to invest within the City of Chelsea. During the first few years of operation, it relied upon grants primarily from the Community Development Program from the City of Chelsea. At this point in time, it is considered self-sustaining.

Basis of presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets, in accordance with Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

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. 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.

Permanently Restricted Net Asset – Net assets subject to donor-imposed stipulations that they will be maintained permanently by 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..

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Income tax status

The Organization qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and therefore, has no provision for federal or state income tax.

Investment

Investment in Greenhouse Associates Limited Partnership is stated at cost of \$1.00 paid in 1980. This investment is considered a level 3 investment.

Net assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Organization. Temporarily restricted net assets represent amounts received or committed by donors purpose restrictions that have not yet been met. The organization has no permanently restricted net assets.

Note 2 - Property and equipment

Property and equipment consisted of the following:

	<u>2011</u>
Land	\$ 539,467
Building and improvements	1,120,870
Furniture, fixtures and equipment	<u>16,225</u>
	1,676,562
Less Accumulated Depreciation	<u>537,612</u>
	<u>\$1,138,950</u>

Note 3 - Note payable

The Organization has three revolving lines of credit with two banks. The loan agreements provides for interest payable at between 5% and 5.50% and are secured by real estate.

Note 4 - Long term debt

Long-term debt at December 31, 2011 consists of the following:

	<u>2011</u>
Mortgage, due in monthly installments of \$1,268 through November 2031, including interest at 7.25%, secured by property	\$162,319
Mortgage, due in monthly installments of \$3,185 through February 2034, including interest at 7%, secured by property	429,780

Note 4 - Long Term Debt - continued

Mortgage, due in monthly installments of \$441 through October 2015, including interest at 6.25%, secured by property	17,688
Mortgage, due in monthly installments of \$910 through March 2039, including interest at 5.375%, secured by property	<u>156,040</u>
Total long-term debt	<u>\$765,827</u>

The approximate aggregate maturities of notes payable for the future years ending December 31, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 18,738
2013	20,026
2014	21,302
2015	21,645
2016	19,104
Thereafter	<u>665,012</u>
	<u>\$ 735,827</u>

Note 5 - Retirement Plan

In 1996, the Organization implemented a Simplified Employee Pension Plan for the benefit of eligible employees. Employees must be employed on the last day of the calendar year to be eligible to participate in the plan the following year. Participants may contribute up to 15% of their compensation to the plan. Organization contributions are made at the discretion of management. The Organization made discretionary contributions of \$1,400 to the plan for the year ended December 31, 2011.

Note 6 - Rent

The Organization pays no rent for their space at 154 Pearl Street, Chelsea, Massachusetts. For purposes of complying with accounting principles generally accepted in the United States of America, management has estimated the annual rent at \$18,000. The cost of annual rent is recorded as a donation and as rent expense for 2011.

Note 7 – Interest Expense

All interest paid is expensed unless otherwise noted.

Note 8 – Concentrations

The Organization received 79% of it's income from three primary sources in 2011 - The Commonwealth of Massachusetts, The City of Chelsea, and tenants renting apartments at it's buildings in Chelsea. Approximately \$3,600 was due from the city of Chelsea.

Note 9 - Receivership Funds Receivable/Payable

Receivership receivable consists of funds paid by the Organization to repair and renovate two properties in Chelsea and one in Revere. As of December 31, 2011, the Organization had outstanding borrowings of \$354,511 from Danvers Bank, and \$136,200 from Chelsea Bank. Total use of these funds amounted to approximately \$249,000 in 2011.

Note 10 – Subsequent Events

The organization has evaluated subsequent events through May 14, 2012, the date which the financial statements were available to be issued. There aren't any subsequent events that require disclosure.