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2013

Review

047769

MERROHAWKE NATURE SCHOOL, INC.
(formerly BOAT CAMP NATURE SCHOOL, INC.)

FINANCIAL STATEMENTS

DECEMBER 31, 2013

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MERROHAWKE NATURE SCHOOL, INC.
(formerly BOAT CAMP NATURE SCHOOL, INC.)

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December 31, 2013

2013
Review

047769

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FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

2013
Review
047769

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Merrohawke Nature School, Inc.
Newburyport, Massachusetts

We have reviewed the accompanying statement of assets, liabilities, and net assets – cash basis of Merrohawke Nature School, Inc. (a nonprofit organization) as of December 31, 2013, 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 Organization 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 B.

Certified Public Accountants

October 3, 2014

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MERROHAWKE NATURE SCHOOL, INC.
(formerly BOAT CAMP NATURE SCHOOL, INC.)
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
December 31, 2013

ASSETS

Current Assets	
Cash	\$ 10,876
Total Current Assets	<u>10,876</u>
Fixed Assets	
Equipment	1,172
Less: Accumulated depreciation and amortization	<u>(117)</u>
Net property and equipment	<u>1,055</u>
Other Assets	
Inventory	<u>200</u>
Total Other Assets	<u>200</u>
Total Assets	<u>\$ 12,131</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Credit card payable	\$ -
Total Current Liabilities	<u>-</u>
Net Assets	
Unrestricted net assets	<u>12,131</u>
Total Net Assets	<u>12,131</u>
Total Liabilities and Net Assets	<u>\$ 12,131</u>

See accompanying notes and independent accountant's review report

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MERROHAWKE NATURE SCHOOL, INC.
(formerly BOAT CAMP NATURE SCHOOL, INC.)
STATEMENT OF REVENUES, EXPENSES, AND OTHER
CHANGES IN NET ASSETS - CASH BASIS
For the year ended December 31, 2013

	<u>Unrestricted</u>
Support and Revenue	
Contributions, gifts & grants	\$ 67,044
Program revenues	287,871
Gift shop sales	330
Gain on sale of boat	155
Total support and revenue	<u>355,400</u>
Expenses	
Program	323,612
Fundraising	5,755
Management and general	<u>30,626</u>
Total Expenses	<u>359,993</u>
Change in Net Assets	(4,593)
Net Assets, beginning of year	<u>16,724</u>
Net Assets, end of year	<u>\$ 12,131</u>

See accompanying notes and independent accountant's review report

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MERROHAWKE NATURE SCHOOL, INC.
 (formerly BOAT CAMP NATURE SCHOOL, INC.)
 STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
 For the year ended December 31, 2013

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Payroll and related expenses	\$ 112,284	\$ -	\$ 20,681	\$ 132,965
Contract instructors	2,140	-	-	2,140
Advertising and promotion	407	930	589	1,926
Boat lease/rental	122,640	-	-	122,640
Materials and supplies	24,639	-	-	24,639
Program expenses	17,462	-	-	17,462
Professional development	8,935	30	1,013	9,978
Credit card processing and bank fees	7,436	-	415	7,851
Equipment and facilities expense	18,344	-	16	18,360
Depreciation	298	-	117	415
Insurance	4,338	-	1,669	6,007
Miscellaneous	610	-	83	693
Office and administration	1,795	468	5,349	7,612
Printing and reproduction	-	486	46	532
Fundraising expenses	-	2,276	-	2,276
Travel and entertainment	1,318	65	45	1,428
Professional fees	966	1,500	603	3,069
	<u>\$ 323,612</u>	<u>\$ 5,755</u>	<u>\$ 30,626</u>	<u>\$ 359,993</u>

See accompanying notes and independent accountant's review report

MERROHAWKE NATURE SCHOOL, INC
(formerly BOAT CAMP NATURE SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS – CASH BASIS
December 31, 2013

NOTE A – NATURE OF ORGANIZATION

Merrohawke Nature School, Inc. was organized in 2007 for the purpose of providing education about marine environments, fisheries, ecology, history, and conservation. As of March 14, 2014, the name of the Organization was changed from BOAT CAMP Nature School, Inc. to Merrohawke Nature School, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's policy is to prepare its financial statements on the cash basis of accounting; consequently, contributions and other revenues are recognized when received rather than when promised or earned, and certain expenses and purchases of assets are recognized when cash disbursed rather than when the obligation is incurred.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958 (formerly SFAS No. 117, "*Financial Statements of Not-for-Profit Organizations*"). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as defined below:

Unrestricted Net Assets – consists of assets, public support and program revenues which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets – includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment incomes earned on restricted funds.

Permanently Restricted Net Assets – includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term investments purchased with an initial maturity of three months or less to be cash equivalents. As of December 31, 2013, the Organization held no cash equivalents.

Recognition of Donor-restricted Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets

MERROHAWKE NATURE SCHOOL, INC
(formerly BOAT CAMP NATURE SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS – CASH BASIS
December 31, 2013

NOTE B – *continued*

are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and expended in accordance with the donor's restrictions in the same fiscal year are recognized as unrestricted public support in these financial statements.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Functional Expenses

Merrohawke Nature School, Inc. allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases used in conjunction with the Organization's cost allocation plan.

Supporting services are those related to operating and managing Merrohawke Nature School, Inc. and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Management and General – includes all activities related to Merrohawke Nature School, Inc.'s internal management and accounting for program services.

Fundraising – includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for Merrohawke Nature School, Inc.'s programs.

Fair Value Measurements

Management has adopted the criteria of FASB ASC 820-10, (formerly SFAS No. 157, "Fair Value Measurements"). FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosure about fair value measurements. FASB ASC 820-10 establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework under FASB ASC 820-10 are as follows:

- | | |
|---------|---|
| Level 1 | Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. |
| Level 2 | Inputs other than quoted market prices in active markets that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active. |
| Level 3 | Inputs that are unobservable. |

An asset or liability's level within the framework is based on the lowest level of any input that is significant to the fair value measurement.

MERROHAWKE NATURE SCHOOL, INC
(formerly BOAT CAMP NATURE SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS – CASH BASIS
December 31, 2013

NOTE B – *continued*

Inventories

Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

In-kind Donations

Donations of property, equipment, and supplies are recorded as contributions at fair value at the date of donation. Donations of capitalized property and equipment are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Donations of non-capital supplies are reported as unrestricted revenue and expense unless the donor has restricted the donated supplies to a specific purpose. Supplies donated with explicit instruction regarding their use are reported as restricted contributions and are released to unrestricted net assets when the supplies are used toward their specific purpose. During 2013, the Organization received software and other supplies which were donated for use in its programs. The donations were recorded at their estimated market value on the dates they were made in the total amount of \$14,469.

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Advertising

Advertising costs are expensed as incurred. For the year ended December 31, 2013, advertising costs of \$1,926 were charged to expense.

Subsequent Events

Subsequent events have been evaluated through October 3, 2014 which is the date the financial statements were available to be issued.

NOTE C – RELATED PARTY AND LEASE OBLIGATIONS

The Organization has entered into a lease agreement with an entity co-owned by the Organization's President and Treasurer of the Board of Directors. Under the terms of the renewable lease, the Organization pays the related organization for use of a boat owned by the related organization. The lease is renewed each year and the fair market value rental fee is determined as part of the renewal process. For 2013, the Organization paid \$66,300 to the related organization for use of the boat. The obligation for 2014 under the lease agreement is \$55,500, which is based on an expected 30 days of use in 2014. If the boat cannot be used on a scheduled day due to mechanical failure, payment will be withheld at a mutually agreeable rate not to exceed \$1,850 per day.

MERROHAWKE NATURE SCHOOL, INC
(formerly BOAT CAMP NATURE SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS – CASH BASIS
December 31, 2013

NOTE C – *continued*

In addition to the boat lease with the related party described above, the Organization rents boats from other organizations to provide program services. The boats are rented on an as needed basis and the Organization has not entered into any lease agreements in connection with the use of the boats. For the year ended December 31, 2013, the Organization paid \$56,340 for the rental of other boats.

The Organization has a lease agreement for office and program space in Newburyport, Massachusetts. Commencing on March 1, 2013, the Organization rented additional space in the same building. Monthly rental payments in 2013 under the lease were \$551 from January through February and \$833 from March through December. The lease expires on February 28, 2018. Monthly rental payments under the expanded lease increase by 5% every second year. Rent expense under the lease for the year ended December 31, 2013 was \$9,436. Future minimum lease payments for the space are as follows:

2014	\$ 10,000
2015	10,417
2016	10,500
2017	<u>10,917</u>
	<u>\$ 41,834</u>

In April, 2012, the Organization entered into a lease agreement for vacant land in Newbury, Massachusetts. Under the terms of the lease, the Organization paid \$1 for use of the land for an initial term of six months. The initial term was extended until August 17, 2013 and in exchange, the Organization agreed to pay the property taxes on the land. Since that date, the Organization has continued to use the land and to pay the property tax. For the year ended December 31, 2013 total expense for the use of the land was \$7,939.

NOTE D - TAX POSITION

The Organization has adopted the application of the provisions of FASB ASC 740-10 (formerly FASB Interpretation No. 48, "*Accounting For Uncertainty in Income Taxes*"). The primary tax positions made by the Organization are the existence of Unrelated Business Income Tax and the Organization's status as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization currently evaluates all tax positions, and makes determinations regarding the likelihood of those positions being upheld under review. For the years presented, and as a result of adoption, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on its evaluations. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2013, 2012, and 2011 are subject to examination by the IRS, generally for 3 years after they are filed.



The Commonwealth of Massachusetts
William Francis Galvin

Minimum Fee: \$15.00

Secretary of the Commonwealth, Corporations Division
One Ashburton Place, 17th floor
Boston, MA 02108-1512
Telephone: (617) 727-9640

Articles of Amendment

(General Laws, Chapter 180, Section 7)

Federal Employer Identification Number: 261462660 (must be 9 digits)

We, ROBERT J. YEOMANS President Vice President,

and KATIE M. YEOMANS Clerk Assistant Clerk .

of BOAT CAMP NATURE SCHOOL, INC.

located at: 54 MERRIMAC ST. NEWBURYPORT , MA 01950 USA

do hereby certify that these Articles of Amendment affecting articles numbered:

Article 1 Article 2 Article 3 Article 4

(Select those articles 1, 2, 3, and/or 4 that are being amended)

of the Articles of Organization were duly adopted at a meeting held on 3/13/2014 , by vote of: 0 members, 7 directors, or 0 shareholders,

being at least two-thirds of its members/directors legally qualified to vote in meetings of the corporation (or, in the case of a corporation having capital stock, by the holders of at least two thirds of the capital stock having the right to vote therein):

ARTICLE I

The exact name of the corporation, *as amended*, is:
(Do not state Article I if it has not been amended.)

MERROHAWKE NATURE SCHOOL, INC.

ARTICLE II

The purpose of the corporation, *as amended*, is to engage in the following business activities:
(Do not state Article II if it has not been amended.)

ARTICLE III

A corporation may have one or more classes of members. *As amended*, the designation of such classes, the manner of election or appointments, the duration of membership and the qualifications and rights, including voting rights, of the members of each class, may be set forth in the by-laws of the corporation or may be set forth below:

ARTICLE IV

As amended, other lawful provisions, if any, for the conduct and regulation of the business and affairs of the

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directors or members, or of any class of members, are as follows:
(If there are no provisions state "NONE")

The foregoing amendment(s) will become effective when these Articles of Amendment are filed in accordance with General Laws, Chapter 180, Section 7 unless these articles specify, in accordance with the vote adopting the amendment, a *later* effective date not more than *thirty days* after such filing, in which event the amendment will become effective on such later date.

Later Effective Date:

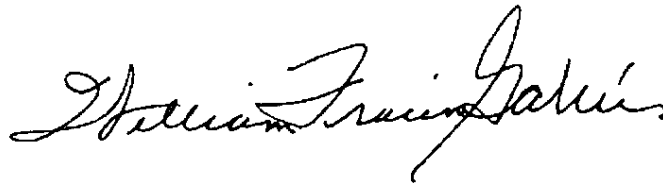
Signed under the penalties of perjury, this 14 Day of March, 2014, ROBERT J. YEOMANS, its ,
President / Vice President,
KATIE M. YEOMANS , Clerk / Assistant Clerk.

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are

deemed to have been filed with me on:

March 14, 2014 05:16 PM

A handwritten signature in black ink, reading "William Francis Galvin". The signature is written in a cursive style with a large, prominent initial "W".

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth