

**PIERS PARK SAILING CENTER, INC.**  
**REPORT ON FINANCIAL STATEMENTS**  
**YEARS ENDED OCTOBER 31, 2010 AND 2009**

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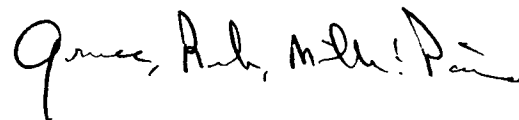
Accountants' Review Report

To The Board of Trustees  
Piers Park Sailing Center, Inc.  
East Boston, Massachusetts

We have reviewed the accompanying statement of financial position of Piers Park Sailing Center, Inc. as of fiscal years end October 31, 2010 and 2009, and the related statements of activities and cash flows for the fiscal years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Piers Park Sailing Center, Inc.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 generally accepted accounting principles.



Boston, Massachusetts  
February 7, 2011

**PIERS PARK SAILING CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**OCTOBER 31, 2010**

<b>ASSETS</b>	Unrestricted	
Cash and cash equivalents		\$ 2,924
Accounts and pledges receivables		
Accounts receivable	\$ 7,094	
Pledges receivable	37,500	44,594
Prepaid expense		
Unexpired insurance premiums		10,844
Property and equipment		
Property and equipment at fair market value		
Sailboats, trailers and motors	\$ 227,151	
Less: accumulated depreciation	84,171	
		142,980
Property and equipment at cost		
Boat accessories and parts	107,102	
Office and computer equipment	13,637	
Outdoor equipment	19,177	
	139,916	
Less: accumulated depreciation	127,622	
		12,294
Total assets		155,274
		\$213,636

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>		
Bank loans payable – current maturities		\$ 41,800
Accounts payable		4,661
Accrued payroll and taxes withheld		8,409
Advance deposit- deferred revenue		9,970
Accrued interest expense		408
Total liabilities		65,248
<b>Net assets:</b>		
Unrestricted - for general purposes		\$148,388
Total liabilities and net assets		\$213,636

See accountants' review report and notes to financial statements.

**PIERS PARK SAILING CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**OCTOBER 31, 2009**

<b>ASSETS</b>	Unrestricted	
Cash and cash equivalents		\$ 10,826
Accounts and pledges receivables		3,995
Prepaid expense		
Unexpired insurance premiums		9,006
Property and equipment		
Property and equipment at fair market value		
Sailboats, trailers and motors	\$ 218,256	
Less: accumulated depreciation	<u>71,800</u>	
		\$ 146,456
Property and equipment at cost		
Boat accessories and parts	107,102	
Office and computer equipment	13,188	
Outdoor equipment	<u>19,177</u>	
	139,467	
Less: accumulated depreciation	<u>117,309</u>	
		<u>22,158</u>
Total assets		<u>168,614</u>
		<u>\$192,441</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Bank loans payable – current maturities		\$ 32,950
Accounts payable		4,144
Accrued payroll and taxes withheld		9,490
Accrued interest expense		<u>332</u>
Total liabilities		46,916
Net assets:		
Unrestricted - for general purposes		<u>145,525</u>
Total liabilities and net assets		<u>\$192,441</u>

See accountants' review report and notes to financial statements.

**PIERS PARK SAILING CENTER, INC.**

**STATEMENTS OF ACTIVITIES**

**YEAR ENDED OCTOBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues, gains and support:</b>			
Sailing training and safety program			
Membership	\$ 29,824	\$ -	\$ 29,824
Participant fees	<u>37,323</u>	<u>-</u>	<u>37,323</u>
	<u>67,147</u>	<u>-</u>	<u>67,147</u>
Rental use and sales of boats and equipment	3,146	-	3,146
Fund raising events sales	12,153	-	12,153
Other sales	2,992	-	2,992
Sailing events	<u>16,390</u>	<u>-</u>	<u>16,390</u>
	<u>34,681</u>	<u>-</u>	<u>34,681</u>
<b>Grants and contribution support</b>			
Corporate and individual public support	286,764	-	286,764
Massport support	66,121	7,785	73,906
Release of temporary restrictions	<u>7,785</u>	<u>(7,785)</u>	<u>-</u>
	<u>360,670</u>	<u>-</u>	<u>360,670</u>
Total revenue, gains and support	<u>462,498</u>	<u>-</u>	<u>462,498</u>
<b>Expenses:</b>			
Sailing program expense	359,874	-	359,874
General and administrative expense	90,191	-	90,191
Fund raising expense	<u>9,570</u>	<u>-</u>	<u>9,570</u>
Total expenses	<u>459,635</u>	<u>-</u>	<u>459,635</u>
Change in net assets	2,863	-	2,863
<b>Net assets:</b>			
Beginning of year	<u>145,525</u>	<u>-</u>	<u>45,525</u>
End of year	<u>\$148,388</u>	<u>\$ -</u>	<u>\$ 148,388</u>

**PIERS PARK SAILING CENTER, INC.**

**STATEMENTS OF ACTIVITIES**

**YEAR ENDED OCTOBER 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and support:			
Sailing training and safety program			
Membership	\$ 39,206	\$ -	\$ 39,206
Participant fees	<u>18,388</u>	<u>-</u>	<u>18,388</u>
	<u>57,594</u>	<u>-</u>	<u>57,594</u>
Rental use and sales of boats and equipment	9,642	-	9,642
Fund raising events sales	16,454	-	16,454
Sailing events	<u>3,150</u>	<u>-</u>	<u>3,150</u>
	<u>29,246</u>	<u>-</u>	<u>29,246</u>
Grants and contribution support			
Corporate and individual public support	279,032	153,160	432,192
Massport support	66,121	9,000	75,121
Release of temporary restrictions	<u>9,000</u>	<u>(162,160)</u>	<u>(153,160)</u>
	<u>354,153</u>	<u>-</u>	<u>354,153</u>
Total revenue, gains and support	<u>440,993</u>	<u>-</u>	<u>440,993</u>
Expenses:			
Sailing program expense	351,700	-	351,700
General and administrative expense	53,347	-	53,347
Fund raising expense	<u>36,376</u>	<u>-</u>	<u>36,376</u>
Total expenses	<u>441,423</u>	<u>-</u>	<u>441,423</u>
Change in net assets	(430)	-	(430)
Net assets:			
Beginning of year	<u>145,955</u>	<u>-</u>	<u>145,955</u>
End of year	<u>\$ 145,525</u>	<u>\$ -</u>	<u>\$ 145,525</u>

**PIERS PARK SAILING CENTER, INC.**

**STATEMENTS OF CASH FLOWS**

**YEAR ENDED OCTOBER 31, 2010**

Cash flows from operating activities:		
Change in unrestricted net assets		\$ 2,863
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,684	
Contributions made by non-cash property	(66,121)	
Donated space occupancy expense	66,121	
Change, increase (decrease) in operating assets and liabilities:		
Accounts receivable	(3,099)	
Pledges receivable	(37,500)	
Prepaid expense	(1,838)	
Accounts payable	517	
Accrued interest	76	
Accrued payroll and taxes withheld	(1,081)	
Advance deposit – deferred revenue	<u>9,970</u>	
Net cash provided (used) by operating activities		\$ (7,408)
Cash flows from investing activities:		
Purchase of property and equipment		(9,344)
Net cash provided (used) for investing activities		
Cash flows from financing activities:		
Loan proceeds	17,800	
Loan repayments	<u>(8,950)</u>	
Net cash provided (used) for financing activities		<u>8,850</u>
Decrease in cash and cash equivalents		(7,902)
Cash and cash equivalents:		
Beginning of year		<u>10,826</u>
End of year		<u>\$ 2,924</u>
Supplemental information on cash flows information:		
Federal excise taxes paid		<u>\$ -</u>
Interest paid		<u>\$ 1,194</u>



**PIERS PARK SAILING CENTER, INC.**

**STATEMENTS OF CASH FLOWS**

**YEAR ENDED OCTOBER 31, 2009**

Cash flows from operating activities:	
Change in unrestricted net assets	\$ (430)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	18,450
Contributions made by non-cash property	(106,782)
Donated space occupancy expense	66,121
Donated InKind technical services	12,000
Sales of boats and equipment	(9,642)
Change, increase (decrease) in operating assets and liabilities:	
Accounts and pledges receivable	(3,510)
Prepaid expense	(2,128)
Accounts payable	(1,365)
Accrued payroll and taxes withheld	3,793
Accrued interest	<u>284</u>
Net cash provided (used) by operating activities	\$ (23,209)
Cash flows from investing activities:	
Sales proceeds of property and equipment	9,642
Purchase of property and equipment	<u>(13,500)</u>
Net cash provided (used) for investing activities	(3,858)
Cash flows from financing activities:	
Proceeds from bank loans payable	103,016
Payments to bank loans payable	<u>(70,067)</u>
Net cash provided (used) for financing activities	<u>32,949</u>
Increase in cash and cash equivalents	5,882
Cash and cash equivalents:	
Beginning of year	<u>4,944</u>
End of year	<u>\$ 10,826</u>
Supplemental information on cash flows information:	
Federal excise taxes paid	<u>\$ -</u>
Interest paid	<u>\$ 1,268</u>

See accountants' review report and notes to financial statements.

**PIERS PARK SAILING CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**ACCOUNTING PRINCIPLES FOLLOWED**

The following summarizes the accounting principles applied to designated items:

*Nature of operations* – Piers Park Sailing Center, Inc. (PPSC), organized March 9, 1998 under chapter 180 of Massachusetts laws is established to operate and manage a sailing program at East Boston's Piers Park (the Park), pursuant to an agreement with the Massachusetts Port Authority (Massport).

*Basis of accounting* – the financial records and these statements have been prepared on the accrual basis. The results from operations are reported in the statement of activities as a combined change in net assets.

*Basis of presentation* – The Financial Accounting Standards Board (FASB) established Accounting Standards Codification (ASC) as the single source of authoritative accounting principles for nongovernment entities that prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP). FASB ASC is effective for financial statements ending after September 15, 2009. Therein, the financial statements presented are on the basis of unrestricted, temporarily restricted and permanently restricted net assets.

*Revenue recognition* – sailing program activities are primarily conducted at the Park located in East Boston, Massachusetts. Program operation revenues include participation fees for sailing school, summer youth sailing camp, programs for persons with disabilities (Adaptive) and pass-holder use of boats at the Park. PPSC sailing programs involve extensive use of sailboats, skiffs, trailers, outboard motors, water safety and boat accessory equipment. Charitable support obtained primarily by grants and contributions from the general public, is used to supplement operating revenues, and, in addition maintain administrative services and office facilities.

*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 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.

*Cash and cash equivalents* – the organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The organization maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits. The organization has not experienced any losses in such accounts. The organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

**PIERS PARK SAILING CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(CONTINUED)

**ACCOUNTING PRINCIPLES FOLLOWED (CONTINUED)**

*Pledges receivable valuation* - PPSC uses the allowance method for determining uncollectable unconditional contributions receivable due after one year. Pledges due beyond one year or more are discounted using applicable federal rates.

*Promises to give* – promises to give (pledge receivable) result from solicitations made for support by the public recognized as contributions (unconditional or conditional). Promises to give due in one year from the date recognized are recorded net of any goods or services provided to the donor by the organization at cash value or measured at net realized value that is a reasonable estimate of fair value.

*Contributions (unconditional)* – the absence of donor conditions precedes recognition of unconditional contributions. The voluntary natures of public support contributions are normally difficult to verify and are subject to policies and procedures appropriate under the circumstances. Unconditional contributions may be subject to unknown terms and conditions resulting from matching gifts. Accordingly, solicitations for support made as intentions to give that do not meet standards used to be promise are generally recorded as contributions upon receipt. In addition, receipt acknowledgements of \$250 or greater are further investigated to determine when to recognize them as pledges to give support at year end.

*Contributions (conditional)* - recognition of conditional contributions is made according to donor-expressed conditions and result in reporting them as increases to temporarily or permanently restricted net assets depending on the nature (time or purpose) of the restrictions . Conditions met concurrently in the same fiscal year may be recognized as unrestricted. The expiration of a time restriction or fulfillment of a purpose restriction results in a reclassification to unrestricted net assets. Management is not aware of any pledges that may be conditional.

*Voluntary support* – PPSC does not record as revenue or expense the many hours its members and other supporters volunteer in charitable activities without compensation. The hours of volunteers are not controlled and the value of time spent is not easily estimable, as would be required by GAAP in order to record volunteer time as revenue and support.

*Compensated absences* – accrued vacation pay has not been accrued. PPSC's policy is to recognize the expense when it is actually incurred and paid.

*Fund – raising expenses* are recognized according to GAAP guidance.

## PIERS PARK SAILING CENTER, INC.

### NOTES TO FINANCIAL STATEMENTS

(CONTINUED)

#### ACCOUNTING PRINCIPLES FOLLOWED (CONTINUED)

*Financial statement reclassification* – certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

*Organization Not-For-Profit status* – PPSC is a tax-exempt organization within the meaning of Internal Revenue Code 501 (c) (3) which qualifies it for exemption from federal income tax and has been determined not to be a private foundation described in section 509 (a) (2) which qualifies contributions made by the public described in section 170 for the full charitable contribution deduction. Accordingly, income is exempt from fiduciary income tax in Massachusetts.

#### INCOME TAXES

PPSC has adopted the provisions of the GAAP guidance which prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return including tax-exempt not-for-profit organizations. PPSC's management has not recognized a liability for federal or state excise taxes or taxes on unrelated business income, and no attributes currently exist to measure such taxes to be accrued.

PPSC's annual returns are subject to examination by federal and state government jurisdictions for a period of three years. Therefore, the returns previously filed for the fiscal years ended October 31, 2007-2009 are open to examination.

#### PROPERTY AND EQUIPMENT AND DEPRECIATION

Massport transferred their entire sail fleet (sailboats, skiffs, trailers, outboard motors, water safety and boat accessory equipment and outboard motors) and in addition, office technology equipment, furniture and fixtures to PPSC on January 1, 2002, in consideration for one dollar. The estimated fair value of the sail fleet and outboard motor equipment was \$145,000. Further, the majority of the sail fleet has an estimated useful life of 18 years.

Property and equipment is recorded at cost or donated fair value of property. Major improvements and purchases of \$1,000 or more are capitalized. Depreciation is recognized using the straight-line method according to the useful life of the asset group. Refurbishments and replacements are expensed.

**PIERS PARK SAILING CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(CONTINUED)

**PROPERTY AND EQUIPMENT AND DEPRECIATION (CONTINUED)**

Effective January 1, 2007, PPSC made a change in accounting principle to concurrently recognize the donated fair value of the sail fleet and other property and equipment. The straight-line depreciation method is applied to the fair value of property and equipment and the accumulated depreciation in prior years more closely conforms to GAAP for Not-for-Profit Organizations. Management believes that the change more accurately reflect results from program activities by better matching asset usage over their useful life

**LICENSE AGREEMENT**

PPSC operates under a license agreement (the Agreement) with Massport granting the use of the Park and certain pier facilities, solely for the operation and management of the sailing program. The initial term of the Agreement dated January 1, 2002 was for five years and on January 19, 2007 was extended for a five-year term to December 31, 2011.

**LEASE AGREEMENT**

PPCS uses pier facilities, storage units and office space under the Agreement with Massport. Therein, an unconditional contribution of leased facilities is made annually by Massport, and the fair market value of the lease is \$62,017 for dock and storage units and \$4,104 for office space.

**LINE OF CREDIT**

PPSC has revolving line of credit with a bank with a borrowing limit of \$80,000, available as of October 31, 2010. The line of credit is secured by all property and equipment. The loan balance of \$41,800 at October 31, 2010 bears interest at 6.59%.

Borrowings subsequent to October 31, 2010 in the amount of \$12,000 payable in minimum monthly installments of one (1%) percent of the outstanding balance (but not less than \$100). Management believes PPSC has complied with the terms of the bank loan.

**PIERS PARK SAILING CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(CONTINUED)

**NET ASSETS**

Unrestricted net assets are classified in accordance with The Board of Trustees approved resolutions. Accordingly, by vote of the Board of Trustees, unrestricted net assets are designated for special use. In addition, commitments to special projects are made from time to time. The character of assets designated for such purpose is undistinguishable from any other unrestricted net asset.

Temporarily restricted net assets are recognized in accordance with donor-imposed restrictions. Release of temporarily restricted net assets are made upon satisfying the conditions therein. Contributions whose time and purpose conditions are met in the same fiscal period are recognized as unrestricted.

Permanently restricted net assets are recognized in accordance with donor-imposed restrictions. Release of permanently restricted net assets may be made upon satisfying conditions therein.

**SUBSEQUENT EVENTS**

Subsequent events were evaluated through February 7, 2011. These financial statements are available to be issued on February 7, 2011.

SUPPLEMENTARY INFORMATION

To the Board of Trustees  
Piers Park Sailing Center, Inc.  
East Boston, Massachusetts

Our report on our review of the basic financial statements of Piers Park Sailing Center, Inc. for years ended October 31, 2010 and 2009 appears on page 3. That review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedules of functional expenses is presented only for supplementary information analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

*Greene, Rubin, Miller & Pacino*

Boston, Massachusetts  
February 7, 2011



**PIERS PARK SAILING CENTER, INC.**  
**SCHEDULES OF FUNCTIONAL EXPENSES**  
**YEARS ENDED OCTOBER 31,**

	UNRESTRICTED	
	<u>2010</u>	<u>2009</u>
Expenses:		
Sailing program expenses:		
Salaries and wages	\$177,516	\$176,010
Payroll taxes	16,784	20,541
Employee health and welfare	10,786	6,374
Depreciation – fleet and equipment	18,774	14,540
Educational supplies	5,479	1,543
Fleet and equipment upkeep	15,382	18,547
Fleet registrations and taxes	1,124	3,029
Marine supplies and fuel	6,657	1,297
Insurance	14,169	20,325
Marketing and promotion	7,104	6,404
Fleet supplies and expenses	2,836	10,694
Design and production services	12,998	7,500
Telecommunications	8,248	2,879
Occupancy dock and fleet storage	62,017	62,017
Total program expense	<u>359,874</u>	<u>351,700</u>
General and administrative expense:		
Salaries and wages	42,959	21,246
Payroll taxes	4,060	2,479
Accounting, bookkeeping and payroll services	17,304	9,041
Bank and credit charge cost	1,780	1,598
Depreciation – furnishings and office equipment	3,910	3,910
Dues and subscriptions	1,139	630
Insurance	2,000	2,000
Interest expense	1,270	1,552
Occupancy – office space	4,104	4,104
Office supplies and expense	4,335	2,955
Postage and delivery	1,187	631
Printing and reproduction	3,469	197
Telecommunications	2,534	2,879
State filing fees	140	125
Total general and administrative expense	<u>90,191</u>	<u>53,347</u>
Fund raising expense:		
Salaries and wages	3,600	5,200
Payroll taxes	342	607
Special events and exhibitions	1,113	7,473
Marketing and promotion	554	3,883
Development and outreach	885	18,346
Travel, meetings and meals	3,076	867
Total fund raising expense	<u>9,570</u>	<u>36,376</u>
Total expenses	<u>\$459,635</u>	<u>\$441,423</u>

See accountants' report on supplementary information.