

GREENE, RUBIN, MILLER & PACINO

**PIERS PARK SAILING CENTER, INC.
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2008**

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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 as of fiscal year-end October 31, 2008, and the related statements of activities, change in net assets and cash flows for the fiscal year 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, 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 17, 2009

PIERS PARK SAILING CENTER, INC.
STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2008

ASSETS		<u>Unrestricted</u>
Cash and cash equivalents		\$ 4,944
Accounts and pledges receivables		
Accounts receivable	\$ 160	
Pledges receivable	<u>325</u>	485
Prepaid expense		
Unexpired insurance premiums		6,878
Property and equipment		
Property and equipment at fair market value		
Sailboats, trailers and motors	\$ 182,256	
Less: accumulated depreciation	<u>(61,341)</u>	
		120,915
Property and equipment at cost		
Boat accessories and parts	110,916	
Office and computer equipment	13,188	
Outdoor equipment	<u>19,177</u>	
	143,281	
Less: accumulated depreciation	<u>(119,293)</u>	
		<u>23,988</u>
TOTAL ASSETS		<u><u>144,903</u></u> <u>\$157,210</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable		\$ 5,509
Accrued payroll and taxes withheld		5,697
Accrued interest expense		<u>49</u>
TOTAL LIABILITIES		11,255
NET ASSETS:		
Unrestricted:		
For general purposes	<u>145,955</u>	
TOTAL NET ASSETS		<u>145,955</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$157,210</u></u>

PIERS PARK SAILING CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDING OCTOBER 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE, GAINS AND OTHER SUPPORT:			
Sailing training and safety program			
Participant fees	\$ 49,020	\$ -	\$ 49,020
Training courses	<u>11,481</u>	<u>-</u>	<u>11,481</u>
	<u>60,501</u>	<u>-</u>	<u>60,501</u>
Sale of boats and equipment	2,745	-	2,745
Fund raising events	39,678	-	39,678
Sailing events	<u>2,090</u>	<u>-</u>	<u>2,090</u>
	<u>44,513</u>	<u>-</u>	<u>44,513</u>
Grants and contributions – public support	60,335	145,336	205,671
Massport grant support	40,000	-	40,000
Massport donated facility	66,121	-	66,121
Release of temporary restrictions	<u>145,336</u>	<u>(145,336)</u>	<u>-</u>
	<u>311,792</u>	<u>-</u>	<u>311,792</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>416,806</u>	<u>-</u>	<u>416,806</u>
OPERATING EXPENSES:			
Sailing program expenses:			
Salaries and wages	192,145	-	192,145
Training stipends	5,846	-	5,846
Payroll taxes	25,115	-	25,115
Employee health and welfare	10,984	-	10,984
Depreciation – fleet and equipment	13,173	-	13,173
Fleet and equipment refurbish	2,710	-	2,710
Fleet and equipment upkeep	9,486	-	9,486
Fleet registrations	335	-	335
Fuel	4,963	-	4,963
Interest expense	1,182	-	1,182
Insurance	16,346	-	16,346
Telecommunications	1,727	-	1,727
Occupancy dock and fleet storage	<u>62,017</u>	<u>-</u>	<u>62,017</u>
	<u>346,029</u>	<u>-</u>	<u>346,029</u>

See accountants' review report and notes to financial statements.

PIERS PARK SAILING CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDING OCTOBER 31, 2008

(CONTINUED)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
GENERAL AND ADMINISTRATIVE EXPENSE:			
Salaries and wages	\$ 14,964	\$ -	\$ 14,964
Payroll taxes	1,945	-	1,945
Accounting, bookkeeping and payroll services	8,747	-	8,747
Bank and credit charge cost	1,985	-	1,985
Dues and subscriptions	1,879	-	1,879
Insurance	2,000	-	2,000
Occupancy – office space	4,104	-	4,104
Office maintenance and repair	6,748	-	6,748
Office supplies and expense	2,243	-	2,243
Postage and delivery	898	-	898
Printing and publications	322	-	322
Telecommunications	1,726	-	1,726
State filing fees	<u>140</u>	<u>-</u>	<u>140</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSE	<u>47,701</u>	<u>-</u>	<u>47,701</u>
FUND RAISING EXPENSE:			
Salaries and wages	4,988	-	4,988
Payroll taxes	648	-	648
Special events	18,848	-	18,848
Advertising	1,502	-	1,502
Events and exhibitions	6,977	-	6,977
Travel	<u>12</u>	<u>-</u>	<u>12</u>
TOTAL FUND RAISING EXPENSE	<u>32,975</u>	<u>-</u>	<u>32,975</u>
TOTAL OPERATING EXPENSES	<u>426,705</u>	<u>-</u>	<u>426,705</u>
NET FROM OPERATING ACTIVITIES	<u>(9,899)</u>	<u>-</u>	<u>(9,899)</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>\$ (9,899)</u>	<u>\$ -</u>	<u>\$ (9,899)</u>

See accountants' review report and notes to financial statements.

PIERS PARK SAILING CENTER, INC.
STATEMENT OF CHANGE IN NET ASSETS
OCTOBER 31, 2008

UNRESTRICTED NET ASSETS:

For general purposes

Balance brought forward, October 31, 2007	\$ 155,854	
Change in net assets, fiscal year ended October 31, 2008	<u>(9,899)</u>	
TOTAL UNRESTRICTED NET ASSETS		<u>\$145,955</u>

PIERS PARK SAILING CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in unrestricted net assets	\$ (9,899)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	13,173
Contributions made by non-cash property	(66,121)
Occupancy expense	66,121
Change, increase (decrease) in operating assets and liabilities:	
Accounts receivable	(160)
Pledges receivable	8,175
Prepaid expense	(1,146)
Accounts payable	2,382
Accrued interest	49
Accrued payroll and taxes withheld	<u>(3,322)</u>
Net cash used for operating activities	<u>\$ 9,252</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of new assets	<u>(15,511)</u>
Net cash used for investing activities	<u>(15,511)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(6,259)
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>11,203</u>
End of year	<u>\$ 4,944</u>
SUPPLEMENTAL INFORMATION ON CASH FLOWS INFORMATION:	
Federal excise taxes paid	<u>\$ -</u>
Interest paid	<u>\$ 1,133</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).

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.

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. In addition, operations support is obtained primarily by grants and contributions from the general public.

Method of accounting – the financial records and these statements have been prepared on the accrual basis. These financial statements follow SFAS No. 117 and as a result generally accepted accounting principles for Not-for-Profit Organizations. Therein, the financial statements presented are on the basis of unrestricted, temporarily restricted and permanently restricted net assets. The results from operations are reported in the statement of activities as combined change in net assets.

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.

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 guidance from AICPA SOP 98-2.

PIERS PARK SAILING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

(CONTINUED)

ACCOUNTING PRINCIPLES FOLLOWED (CONTINUED)

Federal excise taxes – the provision shall be based upon current year unrelated business income in accordance with applicable tax laws. No current year excise or penalty excise tax has been determined. No deferred taxes are recognized.

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.

Receivable valuation – PPSC uses the allowance method for determining uncollectible contributions receivable. Pledges receivable of unconditional promises to give may be subject to unknown terms and conditions resulting from matching gifts. Management believes pledges receivable due in less than one year amounting to \$325 are deemed fully collectible. There are no pledges due in more than one year. Management is not aware of any pledges that may be conditional.

Promises to give – the organization follows SFAS No. 116, "Accounting for Contributions Received and Contributions Made" for charitable recognition purposes. 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 are generally recorded as contributions upon receipt. In addition, unpaid intentions of \$250 or greater are further identified as pledges to give and recognized as 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 unconditional. The expiration of a time restriction or fulfillment of a purpose restriction results in a reclassification to unrestricted net assets.

PIERS PARK SAILING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

(CONTINUED)

ACCOUNTING PRINCIPLES FOLLOWED (CONTINUED)

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 SFAS 116 in order to record volunteer time as revenue and support.

PROPERTY AND EQUIPMENT AND DEPRECIATION

PPSC conducts sailing programs with extensive use of sailboats, skiffs, trailers, outboard motors, and water safety and boat accessory equipment. Further, PPSC performs administrative duties utilizing a relatively small collection of office technology equipment.

Massport transferred its entire sail fleet, outboard motors and office equipment 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 sail fleet has an estimated useful life of 18 years.

All property and equipment is depreciated by the straight-line method according to the useful life of the asset group. Refurbishments and replacements are expensed. Major improvements and purchases of \$1,000 or more are capitalized.

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.

PIERS PARK SAILING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

(CONTINUED)

CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2007, PPSC changed its depreciation policy and concurrently recognized the fair value of donated property and equipment. The straight-line depreciation method has been applied to the fair value of property and equipment donated in prior years. Management believes that the new depreciation method will more accurately reflect results from program activities by better matching asset usage over their useful life. The change more closely conforms to SFAS No. 117, generally accepted accounting principles for Not-for-Profit Organizations.

Additional depreciation expense totaling \$42,778 is included in the cumulative effect of a change in accounting principles for prior years in the statement of change in net assets.

BANK LINE OF CREDIT

PPSC has revolving line of credit with a bank with a borrowing limit of \$140,000, of which that amount was substantially available as of October 31, 2008. The line of credit is secured by all property and equipment. The line bears interest at the prime rate plus 1%.

Borrowings subsequent to October 31, 2008 in the amount of \$21,400 payable in minimum monthly installments of one (1%) percent of the outstanding balance (but not less than \$100). PPSC has complied with the terms of the bank loan.

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.