

PIERS PARK SAILING CENTER, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2011 AND 2010

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GREENE, RUBIN, MILLER & PACINO

CERTIFIED PUBLIC ACCOUNTANTS

1340 SOLDIERS FIELD RD.
BOSTON, MASSACHUSETTS 02135-1091

(617) 254-4422

FAX (617) 254-7729

E-MAIL GRMP@GIS.NET

Independent Accountants' Review Report

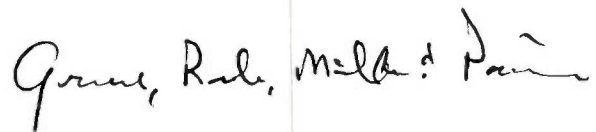
To The Board of Trustees
Piers Park Sailing Center, Inc.
East Boston, Massachusetts

We have reviewed the accompanying statement of financial position of Piers Park Sailing Center, Inc. as of fiscal years ended October 31, 2011 and 2010, and the related statements of activities and of cash flows for the fiscal years 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 accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility under the review is to conduct it 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 accounting principles generally accepted in the United States of America.



Boston, Massachusetts
January 28, 2012

PIERS PARK SAILING CENTER, INC.

STATEMENT OF FINANCIAL POSITION

OCTOBER 31, 2011

ASSETS	<u>Unrestricted</u>
Cash and cash equivalents	\$ 31,472
Accounts and pledges receivables	
Accounts receivable	\$ 4,875
Pledges receivable	<u>7,665</u>
	12,540
Prepaid expense	
Unexpired insurance premiums	12,924
Property and equipment	
Property and equipment at fair market value	
Sailboats, trailers and motors	\$ 227,151
Less: accumulated depreciation	<u>96,542</u>
	130,609
Property and equipment at cost	
Boat accessories and parts	115,702
Office and computer equipment	13,637
Outdoor equipment	<u>19,177</u>
	148,516
Less: accumulated depreciation	<u>137,362</u>
	<u>11,154</u>
Total assets	<u>141,763</u> <u>\$198,699</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Bank loans payable – current maturities	\$ -
Accounts payable	14,331
Accrued payroll and taxes withheld	5,008
Advance deposit - deferred revenue	1,237
Accrued interest expense	<u>5,844</u>
Total liabilities	26,420
Net assets:	
Unrestricted - for general purposes	<u>\$172,279</u>
Total Net Assets	<u>172,279</u>
Total liabilities and net assets	<u>\$198,699</u>
See accountants' review report and notes to financial statements.	- 4 -

PIERS PARK SAILING CENTER, INC.

STATEMENT OF FINANCIAL POSITION

OCTOBER 31, 2010

ASSETS	<u>Unrestricted</u>
Cash and cash equivalents	\$ 2,924
Accounts and pledges receivables	
Accounts receivable	\$ 7,094
Pledges receivable	<u>37,500</u>
	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	<u>84,171</u>
	142,980
Property and equipment at cost	
Boat accessories and parts	107,102
Office and computer equipment	13,637
Outdoor equipment	<u>19,177</u>
	139,916
Less: accumulated depreciation	<u>127,622</u>
	<u>12,294</u>
Total assets	<u>155,274</u> <u>\$213,636</u>

LIABILITIES AND NET ASSETS

Liabilities:	
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	<u>408</u>
Total liabilities	65,248
Net assets:	
Unrestricted - for general purposes	<u>\$148,388</u>
Total Net Assets	<u>148,388</u>
Total liabilities and net assets	<u>\$213,636</u>

See accountants' review report and notes to financial statements.

PIERS PARK SAILING CENTER, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED OCTOBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and support:			
Sailing training and safety program			
Membership	\$ 36,194	\$ -	\$ 36,194
Participant fees	49,825	-	49,825
	<u>86,019</u>	<u>-</u>	<u>86,019</u>
Rental use and sales of boats and equipment	7,585	-	7,585
Fund raising events sales	19,985	-	19,985
Other sales	3,838	-	3,838
Sailing events	23,808	-	23,808
	<u>55,216</u>	<u>-</u>	<u>55,216</u>
Grants and contribution support			
Corporate and individual public support	201,368	-	201,368
Massport support	66,121	8,313	74,434
Release of temporary restrictions	8,313	(8,313)	-
	<u>275,802</u>	<u>-</u>	<u>275,802</u>
Total revenue, gains, and support	<u>417,037</u>	<u>-</u>	<u>417,037</u>
Expenses:			
Sailing program expense	245,794	-	245,794
General and administrative expense	110,102	-	110,102
Fund raising expense	37,250	-	37,250
Total expenses	<u>393,146</u>	<u>-</u>	<u>393,146</u>
Change in net assets	23,891	-	23,891
Net assets:			
Beginning of year	<u>148,388</u>	<u>-</u>	<u>148,388</u>
End of year	<u>\$172,279</u>	<u>\$ -</u>	<u>\$ 172,279</u>

See accountants' review report and notes to financial statements.

PIERS PARK SAILING CENTER, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED OCTOBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and support:			
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>
Grants and contribution support			
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>
Expenses:			
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
Net assets:			
Beginning of year	<u>145,525</u>	<u>-</u>	<u>145,525</u>
End of year	<u>\$148,388</u>	<u>\$ -</u>	<u>\$ 148,388</u>

See accountants' review report and notes to financial statements.

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PIERS PARK SAILING CENTER, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED OCTOBER 31, 2011

Cash flows from operating activities:		
Change in unrestricted net assets	\$ 23,891	
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,111	
Contributions made by non-cash property	(66,121)	
Donated space occupancy expense	66,121	
Change, increase (decrease) in operating assets and liabilities:		
Accounts receivable	2,219	
Pledges receivable	29,835	
Prepaid expense	(2,080)	
Accounts payable	9,670	
Accrued expenses	4,600	
Accrued payroll and taxes withheld	(7,172)	
Advance deposit – deferred revenue	<u>(4,126)</u>	
Net cash provided (used) by operating activities		\$ 78,948
Cash flows from investing activities:		
Purchase of new assets		(8,600)
Net cash provided (used) for investing activities		
Cash flows from financing activities:		
Loan proceeds	-	
Loan repayments	<u>(41,800)</u>	
Net cash provided (used) for financing activities		<u>(41,800)</u>
Increase in cash and cash equivalents		28,548
Cash and cash equivalents:		
Beginning of year		<u>2,924</u>
End of year		<u>\$ 31,472</u>
Supplemental information on cash flows information:		
Federal excise taxes paid		<u>\$ -</u>
Interest paid		<u>\$ -</u>

See accountants' review report and notes to financial statements.

PIERS PARK SAILING CENTER, INC.

STATEMENT 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>

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). 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.

See accountants' review report.

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 estimated, as would be required 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 incurred and paid.

Fund – raising expenses are recognized according to FASB ASC guidance.

See accountants' review report.

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PIERS PARK SAILING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

(CONTINUED)

ACCOUNTING PRINCIPLES FOLLOWED (CONTINUED)

Financial statement reclassification – certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 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 FIN 48 ASC 740-10 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, 2008-2010 and the current year 2011 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.

See accountants' review report.

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PIERS PARK SAILING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

(CONTINUED)

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

PPSC 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.

BANK LINE OF CREDIT

PPSC has revolving line of credit with a bank with a borrowing limit of \$80,000, available as of October 31, 2011. The line of credit is secured by all property and equipment. The loan balance was fully paid at October 31, 2011.

Borrowings subsequent to October 31, 2011 are 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.

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.

PIERS PARK SAILING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

(CONTINUED)

NET ASSETS(CONTINUED)

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 January 28, 2012. These financial statements are available to be issued on January 28, 2012.

See accountants' review report.

SUPPLEMENTARY INFORMATION

GREENE, RUBIN, MILLER & PACINO

CERTIFIED PUBLIC ACCOUNTANTS

1340 SOLDIERS FIELD RD.
BOSTON, MASSACHUSETTS 02135-1091

(617) 254-4422

FAX (617) 254-7729

E-MAIL GRMP@GIS.NET

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, 2011 and 2010 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
January 28, 2012

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

	UNRESTRICTED	
	<u>2011</u>	<u>2010</u>
Expenses:		
Sailing program expenses:		
Salaries and wages	\$ 97,073	\$177,516
Payroll taxes	10,027	16,784
Employee health and welfare	12,522	10,786
Depreciation – fleet and equipment	18,202	18,774
Educational supplies	2,416	5,479
Fleet and equipment upkeep	2,438	15,382
Fleet registrations and taxes	955	1,124
Marine supplies and fuel	7,602	6,657
Insurance	23,166	14,169
Marketing and promotion	5,079	7,104
Fleet supplies and expenses	1,914	2,836
Design and production services	1,010	12,998
Telecommunications	1,373	8,248
Occupancy dock and fleet storage	<u>62,017</u>	<u>62,017</u>
Total program expense	<u>245,794</u>	<u>359,874</u>
General and administrative expense:		
Salaries and wages	64,047	42,959
Payroll taxes	7,045	4,060
Employee health and welfare	1,710	-
Accounting, bookkeeping and payroll services	17,423	17,304
Bank and credit charge cost	2,772	1,780
Depreciation – furnishings and office equipment	3,910	3,910
Dues and subscriptions	680	1,139
Insurance	2,000	2,000
Interest expense	-	1,270
Occupancy – office space	4,104	4,104
Office supplies and expense	2,178	4,335
Postage and delivery	498	1,187
Printing and reproduction	596	3,469
Telecommunications	2,954	2,534
State filing fees	<u>185</u>	<u>140</u>
Total general and administrative expense	<u>110,102</u>	<u>90,191</u>
Fund raising expense:		
Salaries and wages	4,800	3,600
Payroll taxes	528	342
Employee health and welfare	570	-
Contractual services	7,500	-
Special events and exhibitions	17,733	1,113
Marketing and promotion	2,070	554
Development and outreach	2,371	885
Travel, meetings and meals	<u>1,678</u>	<u>3,076</u>
Total fund raising expense	<u>37,250</u>	<u>9,570</u>
Total expenses	<u>\$393,146</u>	<u>\$459,635</u>

See accountants' report on supplementary information.