

**Thompson Island Outward Bound
Education Center, Inc. and
Thompson Island Education Center, Inc.**

**Combined Financial Statements
and Supplemental Information
December 31, 2011**

**Thompson Island Outward Bound Education Center, Inc.
and Thompson Island Education Center, Inc.**

Combined Financial Statements

December 31, 2011

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Independent Auditor's Report

To: The Board of Directors of
Thompson Island Outward Bound Education Center, Inc. and
Thompson Island Education Center, Inc.
Boston, Massachusetts

We have audited the accompanying combined statement of financial position of Thompson Island Outward Bound Education Center, Inc. (a not-for-profit organization) and Thompson Island Education Center, Inc. (a not-for-profit organization) as of December 31, 2011, and the related combined statements of activities, functional expenses and cash flows, for the year then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative financial information has been derived from financial statements of Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc. as of December 31, 2010, and our Independent Auditors' Report dated April 11, 2011 which expressed an unqualified opinion on those statements. The prior year comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc. as of December 31, 2011, and the results of their changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The supplemental Combining Statement of Financial Positions at December 31, 2011 and the Combining Statement of Activities for the year ended December 31, 2011 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Siegrist, Cree, Alessandri & Strauss, CPAs, P.C.
February 11, 2012

**Thompson Island Outward Bound Education Center, Inc.
and Thompson Island Education Center, Inc.
Combined Statement of Financial Position
December 31, 2011
(With Comparative Totals as of December 31, 2010)**

	Assets	
	2011	2010
Current assets		
Cash	\$ 636,447	\$ 501,568
Accounts receivable	107,060	98,853
Grants receivable	277,298	278,788
Pledges receivable, net of allowance of \$4,719 in 2010	60,701	78,171
Inventory	42,227	53,755
Prepaid expenses	54,342	52,688
Other current assets	4,667	4,667
Total current assets	1,182,742	1,068,490
Property and equipment		
Land and buildings	9,560,331	9,448,320
Equipment	4,742,131	4,609,142
Capitalized lease equipment	11,695	11,695
	14,314,157	14,069,157
Less: Accumulated depreciation/amortization	(8,169,510)	(7,740,539)
Total property and equipment	6,144,647	6,328,618
Other assets		
Investments	4,958,907	5,096,908
Pledges receivable, net of allowance of \$1,099	28,901	-
Insurance retention deposit	-	95,250
Total other assets	4,987,808	5,192,158
Total assets	\$ 12,315,197	\$ 12,589,266
	Liabilities and Net Assets	
Current liabilities		
Accounts payable	\$ 50,462	\$ 29,116
Accrued expenses	368,489	304,429
Customer deposits and deferred revenue	224,974	263,494
Total current liabilities	643,925	597,039
Net assets		
Unrestricted	6,784,506	6,885,936
Temporarily restricted	1,673,817	1,955,037
Permanently restricted	3,212,949	3,151,254
Total net assets	11,671,272	11,992,227
Total liabilities and net assets	\$ 12,315,197	\$ 12,589,266

The Independent Auditor's Report and the accompanying notes
are an integral part of these combined financial statements.

**Thompson Island Outward Bound Education Center, Inc
and Thompson Island Education Center, Inc.
Combined Statement of Activity
For the Year ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
Public support and revenues					
Public support					
Contributions and grants	\$ 719,385	\$ 609,668	\$ 50,200	\$ 1,379,253	\$ 1,136,992
Special events, net	430,182	-	-	430,182	308,145
Total public support	<u>1,149,567</u>	<u>609,668</u>	<u>50,200</u>	<u>1,809,435</u>	<u>1,445,137</u>
Revenue					
Enterprise revenue	1,639,218	-	-	1,639,218	1,220,865
Unrealized gain or (loss) on investments	(189,348)	(35,589)	11,495	(213,442)	494,582
Outward Bound program	786,959	-	-	786,959	692,953
Outward Bound professional	372,779	-	-	372,779	325,636
Grants		240,375	-	240,375	135,575
Investment income	184,968	-	-	184,968	110,857
Other income	10,207	-	-	10,207	17,993
Gain/(Loss) on disposition of assets				-	690
Release of restricted funds	1,095,674	(1,095,674)	-	-	-
Total revenue	<u>3,900,457</u>	<u>(890,888)</u>	<u>11,495</u>	<u>3,021,064</u>	<u>2,999,151</u>
Total public support and revenues	<u>5,050,024</u>	<u>(281,220)</u>	<u>61,695</u>	<u>4,830,499</u>	<u>4,444,288</u>
Expenses					
Program services	4,074,141	-	-	4,074,141	3,480,906
General and administrative	487,754	-	-	487,754	492,053
Fundraising	589,559	-	-	589,559	506,241
Total expenses	<u>5,151,454</u>	<u>-</u>	<u>-</u>	<u>5,151,454</u>	<u>4,479,200</u>
Change in net assets	<u>(101,430)</u>	<u>(281,220)</u>	<u>61,695</u>	<u>(320,955)</u>	<u>(34,912)</u>
Net assets, beginning of year, as reported	6,885,936	1,955,037	3,151,254	11,992,227	12,053,736
Adjustment to accumulated depreciation	-	-	-	-	(26,597)
Net assets, beginning of year restated	<u>6,885,936</u>	<u>1,955,037</u>	<u>3,151,254</u>	<u>11,992,227</u>	<u>12,027,139</u>
Net assets, end of year	<u>\$ 6,784,506</u>	<u>\$ 1,673,817</u>	<u>\$ 3,212,949</u>	<u>\$ 11,671,272</u>	<u>\$ 11,992,227</u>

The Independent Auditor's Report and the accompanying notes
are an integral part of these combined financial statements.

**Thompson Island Outward Bound Education Center, Inc
and Thompson Island Education Center, Inc.
Combined Statement of Functional Expenses**

For the Year Ended December 31, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

	Program Services				Supporting Services			Total 2010
	Outward Bound		Enterprise	Total Programs	General & Admin.	Fundraising	Total 2011	
	Professional	Programs						
Payroll and related expenses								
Salaries	\$ 126,851	\$ 993,098	\$ 565,370	\$ 1,685,319	\$ 293,139	\$ 332,699	\$ 2,311,157	
Fringe benefits and payroll taxes	25,731	203,097	117,207	346,035	62,793	72,619	481,447	
Total payroll and related expenses	152,582	1,196,195	682,577	2,031,354	355,932	405,318	2,792,604	
Depreciation	25,352	200,203	203,416	428,971	-	-	428,971	
Food and beverage	8,616	65,419	319,279	393,314	1,037	10,739	405,090	
Outside services	18,055	196,614	86,043	300,712	33,481	29,255	363,448	
Equipment and facilities rental	7,365	79,153	157,647	244,165	26,292	32,030	302,487	
Supplies	12,485	96,181	72,567	181,233	5,427	8,247	194,907	
Professional fees	-	72,926	-	72,926	32,845	55,000	160,771	
Insurance	6,978	58,853	61,030	126,861	4,844	-	131,705	
Utilities and gasoline	5,802	45,820	46,555	98,177	2,809	-	100,986	
Dues and subscriptions	5,021	13,392	26,293	44,706	1,577	22,352	68,635	
Promotion	24,669	3,060	38,159	65,888	300	-	66,188	
Voice and data	3,941	17,933	9,858	31,732	9,004	4,568	45,304	
Credit card and financial fees	4,103	7,577	22,805	34,485	2,422	2,755	39,662	
Travel and entertainment	703	11,413	586	12,702	3,915	6,985	23,602	
Printing	721	3,698	266	4,685	650	8,792	14,127	
Miscellaneous	30	739	243	1,012	6,095	3,643	10,750	
Postage and delivery	132	1,071	15	1,218	1,124	3,495	4,047	
Interest expense	-	-	-	-	-	-	8,270	
Bad debts	-	-	-	-	-	(3,620)	733	
Total expenses	\$ 276,555	\$ 2,070,247	\$ 1,727,339	\$ 4,074,141	\$ 487,754	\$ 589,559	\$ 5,151,454	
							\$ 4,479,200	

The Independent Auditor's Report and the accompanying notes are an integral part of these combined financial statements.

**Thompson Island Outward Bound Education Center
and Thompson Island Education Center, Inc.
Combined Statement of Cash Flows
For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)**

	2011	2010
Cash flows from operating activities		
Change in net assets	\$ (320,955)	\$ (34,912)
Depreciation	428,971	415,170
Bad debts	(3,620)	-
Unrealized (gain)loss on investments	213,442	(494,582)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) Decrease in:		
Accounts receivable	(6,717)	(63,461)
Pledges receivable	(7,811)	267,972
Prepaid expenses	93,596	(9,164)
Inventory	11,528	1,483
Increase (Decrease) in:		
Accounts payable	21,346	17,821
Accrued expenses	64,060	82,966
Deposits	(38,520)	188,441
Net cash provided by operating activities	455,320	371,734
Cash flows from investing activities		
Purchase of equipment and leasehold improvements, net of disposals	(245,000)	(78,968)
Purchase of investments	(75,441)	(107,566)
Net cash used by investing activities	(320,441)	(186,534)
Net Increase (decrease) in cash and cash equivalents	134,879	185,200
Cash and cash equivalents at beginning of year	501,568	316,368
Cash and cash equivalents at end of year	\$ 636,447	\$ 501,568
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	\$ -	733
Taxes	\$ -	0

The Independent Auditor's Report and the accompanying notes
are an integral part of these combined financial statements.

**Thompson Island Outward Bound Education Center, Inc.
and Thompson Island Education Center, Inc.**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Note 1 - NATURE OF OPERATIONS

Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc. ("the organization") are not-for-profit organizations whose primary purpose is to provide outdoor adventure and challenging learning programs for young people from diverse economic backgrounds as well as adults seeking teambuilding and leadership programs. The programs are designed to build character development throughout all age groups and inspire youth to become leaders in society.

The organization is a member of the Boston Harbor Islands Partnership ("the partnership"), an organization established in 1997 to coordinate management of the Boston Harbor Islands National park, which includes Thompson Island. The partnership is composed of a 13 member board representing various public and private agencies.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The organization's financial statements are presented utilizing the accrual basis of accounting.

The financial statement presentation is in accordance with the recommendations of the topic of the FASB Accounting Standards Codification, *Financial Statements of Not-for-Profit Organizations*. Under the codification, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The combined financial statements include the account balances of both organizations mentioned above. All material inter-entity balances and transactions have been eliminated in these combined financial statements.

Cash and Cash Equivalents

For purposes of the combined statement of cash flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are charged to bad debt expense as they are deemed uncollectible based upon periodic review of aging and collections. Management is responsible for evaluating the current status of individual accounts and determining their collectability.

Promises to Give

Promises to give are recognized as contributions revenue in the period when the donor makes the promise to give. The promises to give are recorded as Unrestricted Net Assets or Temporarily Restricted Net Assets if any restrictions exist. The restricted promises to give are released from Temporarily Restricted Net Assets when the restrictions are substantially met. An allowance for uncollectible promises to give of \$1,099 has been established at December 31, 2011.

**Thompson Island Outward Bound Education Center, Inc.
and Thompson Island Education Center, Inc.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of food products, and other merchandise held for sale or use. In addition the organization also maintains fuel inventory valued at \$32,401 as of December 31, 2011.

Property and Equipment

Any expenditure for land, buildings and equipment in excess of \$1,000 including significant renewals and betterments that extend the life of the asset are capitalized at cost. Donated assets are capitalized at the fair market value determined at the date of receipt. Depreciation is computed on the straight-line method over the estimated useful lives of the various assets.

Contributions

The organization accounts for its contributions under the topic in the FASB Accounting Standards Codifications, *Accounting for Contributions Received and Contributions Made*. In accordance with the codification, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor except capital campaign pledges which are considered temporarily restricted. Unconditional promises to give are recognized as revenues in the period when the donor makes the promise to give. Conditional promises to give are recognized only when the requisite conditions have been substantially satisfied. Contributions that are restricted by the donor are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Investments

The organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Donated Assets

Donated marketable securities and other items are reflected as contributions in the accompanying financial statements at their estimated fair market values at date of receipt.

Customer Deposits

The organization records client fees as deposits until the relative program services have been performed, at which time they are recognized as revenues.

**Thompson Island Outward Bound Education Center, Inc.
and Thompson Island Education Center, Inc.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Combined Statement of Activities.

Income Taxes

The organization is exempt from federal income tax under Section 501(C) (3) of the Internal Revenue Code. In addition, the organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a) (2). The organization is also exempt from any state taxation. However, any income from activities not directly related to the organizations exempt purpose is subject to both federal and state taxation. The Organization adopted Fin 48, "Accounting for Uncertainty of Income Taxes", which prescribes comprehensive guidelines for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on tax returns. The Organization has no uncertain tax positions during the year ended December 31, 2011. In addition, tax returns for years ended December 31, 2007 and prior are no longer available for review by the Internal Revenue Service.

Advertising Costs

Advertising costs (promotion) are expensed as incurred and amounted to \$66,188 at December 31, 2011.

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 disclosures 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.

Fair Value Measurements

The "Fair Value Measurements and Disclosures" topic in the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the codification and its applicability to the organization are described:

Level 1 – Pricing inputs are quoted prices available in active markets for identical investments as of the reporting date. As required by the codification, the organization does not adjust the quoted price for these investments, even in situations where the organization holds a large position and a sale could reasonably impact the quoted price.

Level 2 – Pricing inputs are quoted prices for similar investments, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to these investments.

**Thompson Island Outward Bound Education Center, Inc.
and Thompson Island Education Center, Inc.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 3 – Pricing inputs are unobservable for the investment, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Level 3 includes investments that are supported by little or no market activity.

As of December 31, 2011, the organization's assets were comprised entirely of Level 1 assets, primarily mutual funds and cash and cash equivalents. The organization had no assets valued at either Level 2 or Level 3 of the fair value hierarchy at December 31, 2011.

Subsequent Events

The management has reviewed subsequent events through February 11, 2012, the date at which the statements were approved and available for issuance.

Note 3 – RELATIONSHIP BETWEEN COMBINED ORGANIZATIONS

Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc. are separate 501(C) (3) tax exempt organizations. The entities are financially interrelated with common management and Board oversight. The organization's financial statements are presented as a combined entity, and all intercompany indebtedness, revenues and expenses have been eliminated.

Thompson Island Outward Bound Education Center, Inc was indebted to Thompson Island Education Center, Inc in the amount of \$4,902,652 and by vote on December 6, 2011 by the Boards of both entities; the loan was forgiven and considered contribution revenue by Thompson Island Outward Bound Education Center, Inc. and donation expense by Thompson Island Education Center, Inc. The contribution revenue and donation expense have been eliminated in the combined statements.

Note 4 - PROMISES TO GIVE

Pledges receivable expected to be received in less than one year are recorded at net realizable value providing the pledge is not subject to conditions. Pledges expected to be received in greater than one year are recorded at the present value of estimated future cash flows discounted at .8% per annum. Unconditional pledges consist of the following at December 31, 2011:

Pledges receivable in less than one year	<u>\$ 60,701</u>
Pledges receivable due after one year	\$ 30,000
Less: Allowance for uncollectible pledges and discount	
Discount to present value	<u>(1,099)</u>
	<u>\$ 28,901</u>

**Thompson Island Outward Bound Education Center, Inc.
and Thompson Island Education Center, Inc.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 5 – PROPERTY AND EQUIPMENT

The cost of property and equipment as of December 31, 2011 is summarized as follows:

Land and buildings	\$ 9,560,331
Equipment	3,926,876
Program equipment	815,255
Capital Lease	<u>11,695</u>
Total	14,314,157
Less: accumulated depreciation/amortization	<u>(8,196,510)</u>
Property and equipment, net	<u>\$ 6,117,647</u>

Depreciation expense for the year ended December 31, 2011 was \$428,970.

Note 6 – INVESTMENTS

In accordance with the "Fair Value Measurements and Disclosures" topic in the FASB Accounting Standards Codification the organization's investments are stated at fair value and consist primarily of mutual funds. The investments amounted to \$4,958,907 at December 31, 2011.

The following schedule summarizes the components of investment return in for the year ended December 31, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment income (loss)	\$ 175,525	\$ -	\$ -	\$ 175,525
Investment fees	(10,084)	-	-	(10,084)
Unrealized gain (loss)	(189,348)	(35,589)	11,495	(213,442)
Total investment return	<u>\$ (23,907)</u>	<u>\$ (35,589)</u>	<u>\$ 11,495</u>	<u>\$ (48,001)</u>

**Thompson Island Outward Bound Education Center, Inc.
and Thompson Island Education Center, Inc.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 7 – LEASE COMMITMENTS

The organization leases office facilities under an agreement expiring February 28, 2014. The agreement requires annual rent of \$62,420 payable in monthly installments of \$5,202 for the first year plus prorata share of operating expense and real estate tax increases over the base year 2011. There are provisions for two additional five years renewal options.

Future minimum lease payments are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2012	\$ 64,300
2013	\$ 65,724
2014	\$ 11,245

Rental expense for the facilities lease and operating equipment amounted to \$302,488 for 2011.

Note 8 - PENSION PLAN

The organization has a defined contribution 401(k) plan covering all eligible employees. All employees are eligible after one year of service, must be 21 years old and work a minimum of 1,000 hours per year. The employee may defer as a contribution to the plan up to 15% of compensation on a pre-tax basis to the limit prescribed by the Internal Revenue Code. All employee contributions are vested immediately.

The Plan allows the employer to make matching contributions subject to board of directors approval. Pension expense for 2011 amounted to \$5,495.

Note 9 – LINE OF CREDIT

The organization has a \$300,000 line of credit with a bank. The agreement contains certain covenants that the organization must maintain, tested on an annual basis. Interest is based on the bank's prime rate. The line is on demand and is renewable annually. At December 31, 2011 there were no borrowings on the line.

Note 10 – CONCENTRATION OF CREDIT RISK

The organization is potentially subject to concentrations of credit risk from financial instruments such as cash, investments, accounts receivable and pledge promises to give. Cash and investments is placed with financial institutions with limits to credit exposure to any one specific institution. Cash balances maintained by the organization in bank deposits may at times exceed the federally insured limits. The organization has not experienced any losses and believes it is not exposed to any significant risk. Credit risk with respect to accounts receivable and pledges are limited due to the numerous contributors and their dispersion across various industries and economic areas.

**Thompson Island Outward Bound Education Center, Inc.
and Thompson Island Education Center, Inc.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 11 – PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS

Permanently and temporarily restricted net assets at December 31, 2011 are comprised of:

	<u>Amount</u>
<u>Temporarily restricted net assets:</u>	
Endowment Investments	\$ 1,376,052
Scholarships	108,673
Comprehensive Campaign	177,881
Purchase and maintenance of improvements and equipment	7,170
Island Preservation	4,041
Total Temporarily Restrcted Net Assets	<u>\$ 1,673,817</u>
<u>Permanently restricted net assets:</u>	
John F. and Dorothy H. Magee Endowment Fund	\$ 903,732
Thomas Liversidge Fund	534,909
Campbell Family Endowment Fund	500,000
Cape Ann Scholarship Fund	255,193
Esmond Harmsworth and Jim Richardson Endowment Fund	250,000
Caleb and Rosemary Loring Endowment Fund	90,000
Gladys and Tony Sakowich Fund	119,749
Frederick Webber Fund	80,259
Perera Fund	50,000
Grant Walker Fund	50,000
Charles Tidd Baker Fund	45,483
John and Mary Brown Fund	29,985
Rick Guttenberg Endowment Fund	27,880
Theodore Edson Parker Fund	25,000
Island Infrastructure Fund	50,000
Other Funds	200,760
Total Permanently Restricted Net Assets	<u>\$ 3,212,950</u>

**Thompson Island Outward Bound Education Center, Inc
and Thompson Island Education Center, Inc.
Combining Statement of Financial Position
For the Year ended December 31, 2011**

Assets	Thompson Island Education Center, Inc.	Thompson Island Outward Bound Education Center, Inc.	Intercompany Eliminations	Combined
Current assets				
Cash	\$ 4,090	\$ 632,357	\$ -	\$ 636,447
Accounts receivable	-	107,060	-	107,060
Grants receivable	-	277,298	-	277,298
Pledges receivable	10,000	50,701	-	60,701
Inventory	-	42,227	-	42,227
Prepaid expenses	-	54,342	-	54,342
Other current assets	-	4,667	-	4,667
Total current assets	<u>14,090</u>	<u>1,168,652</u>	<u>-</u>	<u>1,182,742</u>
Property and equipment				
Land and buildings	9,560,331	-	-	9,560,331
Equipment	-	4,742,131	-	4,742,131
Capitalized lease equipment	-	11,695	-	11,695
	<u>9,560,331</u>	<u>4,753,826</u>	<u>-</u>	<u>14,314,157</u>
Less: Accumulated depreciation/amortization	(4,266,017)	(3,903,493)	-	(8,169,510)
Total property and equipment	<u>5,294,314</u>	<u>850,333</u>	<u>-</u>	<u>6,144,647</u>
Other assets				
Investments	3,634,221	1,324,686	-	4,958,907
Pledges receivable, net of allowance of \$1,099 and \$4,719	28,901	-	-	28,901
Total other assets	<u>3,663,122</u>	<u>1,324,686</u>	<u>-</u>	<u>4,987,808</u>
Total assets	<u>\$ 8,971,526</u>	<u>\$ 3,343,671</u>	<u>\$ -</u>	<u>\$ 12,315,197</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ -	\$ 50,462	\$ -	\$ 50,462
Accrued expenses	-	368,489	-	368,489
Customer deposits	-	224,974	-	224,974
Total current liabilities	<u>-</u>	<u>643,925</u>	<u>-</u>	<u>643,925</u>
Net assets				
Unrestricted	5,788,608	995,898	-	6,784,506
Temporarily restricted	1,213,140	460,677	-	1,673,817
Permanently restricted	1,969,778	1,243,171	-	3,212,949
Total net assets	<u>8,971,526</u>	<u>2,699,746</u>	<u>-</u>	<u>11,671,272</u>
Total liabilities and net assets	<u>\$ 8,971,526</u>	<u>\$ 3,343,671</u>	<u>\$ -</u>	<u>\$ 12,315,197</u>

The Independent Auditor's Report and the notes are an integral part of these financial statements.

**Thompson Island Outward Bound Education Center, Inc
and Thompson Island Education Center, Inc.
Combining Statement of Activity
For the Year ended December 31, 2011**

	Thompson Island Education Center, Inc.				Thompson Island Outward Bound Education Center, Inc.				Combined							
	2011		2011		2011		2011		2011		2011		2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenues																
Public support																
Contributions and grants	\$ -	\$ 1,040	\$ 50,000	\$ 51,040	\$ 5,571,837	\$ 658,828	\$ 200	\$ 6,230,865	\$ (4,902,652)	\$ 689,185	\$ 50,200	\$ 1,379,253	\$ 689,185	\$ 659,888	\$ 50,200	\$ 1,379,253
Special events, net	-	-	-	430,182	430,182	-	-	430,182	-	430,182	-	430,182	430,182	-	-	430,182
Total public support	-	1,040	50,000	51,040	6,002,019	658,828	200	6,661,047	(4,902,652)	1,089,367	50,200	1,809,435	1,089,367	659,888	50,200	1,809,435
Revenue																
Enterprise revenue	-	-	-	-	1,639,218	-	-	1,639,218	-	1,639,218	-	1,639,218	-	-	-	1,639,218
Unrealized gain or (loss) on investments	(186,255)	-	11,495	(154,760)	(23,093)	(35,599)	-	(58,692)	-	(189,348)	11,495	(213,442)	-	(35,599)	11,495	(213,442)
Outward Bound program	-	-	-	-	788,959	-	-	788,959	-	788,959	-	788,959	-	788,959	-	788,959
Outward Bound professional	-	-	-	-	372,779	-	-	372,779	-	372,779	-	372,779	-	372,779	-	372,779
Grants	-	-	-	-	-	240,375	-	240,375	-	-	-	240,375	-	240,375	-	240,375
Investment income	119,957	-	-	119,957	65,011	-	-	65,011	-	184,988	-	184,988	-	-	-	184,988
Other income	-	-	-	-	10,207	-	-	10,207	-	10,207	-	10,207	-	-	-	10,207
Gain/(Loss) on disposition of assets	-	-	-	-	1,088,131	(1,088,131)	-	-	-	1,088,131	(1,088,131)	-	-	(1,088,131)	-	-
Release of restricted funds	(46,288)	-	11,485	(34,803)	3,947,212	(881,345)	-	3,055,867	-	3,900,914	(891,345)	3,021,084	-	(891,345)	11,485	3,021,084
Total revenue	(46,288)	1,040	61,485	16,237	9,949,231	(232,517)	200	9,718,914	(4,902,652)	5,000,281	(231,477)	4,830,499	5,000,281	(231,477)	81,695	4,830,499
Expenses																
Program services	5,150,395	-	-	5,150,395	3,826,398	-	-	3,826,398	(4,902,652)	4,074,141	-	4,074,141	-	-	-	4,074,141
General and administrative	-	-	-	-	487,756	-	-	487,756	-	487,756	-	487,756	-	-	-	487,756
Fundraising	1,089	-	-	1,089	589,458	-	-	589,458	-	589,557	-	589,557	-	-	-	589,557
Total expenses	5,151,484	-	-	5,151,484	4,902,612	-	-	4,902,612	(4,902,652)	5,151,454	-	5,151,454	-	-	-	5,151,454
Change in net assets																
Net assets, beginning of year restated																
Net assets, end of year																

The Independent Auditor's Report and the notes are an integral part of these financial statements.