

CONCERNED CITIZENS OF MONTAUK, INC.

Financial Statements

for the years ended
December 31, 2017 and 2016

CONCERNED CITIZENS OF MONTAUK, INC.

Table of Contents

	Page
Independent Auditors' Report	2 - 3
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 11

Sabel & Oplinger, CPA, PC

ACCOUNTANTS AND CONSULTANTS

106 PROSPECT STREET, P.O. BOX 1307
SOUTHAMPTON, NY 11968

TELEPHONE (631) 283-2370
FAX (631) 287-4347

e mail: socpapc@socpapc.com
web page: www.socpapc.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Concerned Citizens of Montauk, Inc.
Montauk, New York

We have audited the accompanying financial statements of Concerned Citizens of Montauk, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concerned Citizens of Montauk, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sabel & Oplinger

Sabel & Oplinger, CPA, PC
Southampton, New York

March 26, 2018

CONCERNED CITIZENS OF MONTAUK, INC.

Statements of Financial Position

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 388,606	\$ 369,269
Restricted cash	40,361	20,099
Investments (Note 6)	42,525	42,316
Accounts receivable	2,500	-
Prepaid expenses	2,074	1,881
Total Current Assets	<u>476,066</u>	<u>433,565</u>
Property and Equipment, net (Note 7)	<u>13,960</u>	<u>11,546</u>
Total Assets	<u>\$ 490,026</u>	<u>\$ 445,111</u>
Liabilities and Net Assets		
Current Liabilities		
Accrued expenses	\$ 3,259	\$ 10,363
Taxes payable	<u>2</u>	<u>121</u>
Total Current Liabilities	<u>3,261</u>	<u>10,484</u>
Net Assets		
Unrestricted	446,404	414,528
Temporarily restricted (Note 5)	<u>40,361</u>	<u>20,099</u>
Total Net Assets	<u>486,765</u>	<u>434,627</u>
Total Liabilities and Net Assets	<u>\$ 490,026</u>	<u>\$ 445,111</u>

See Independent Auditors' Report and
Notes to Financial Statements

CONCERNED CITIZENS OF MONTAUK, INC.

Statements of Activities

for the years ended

	December 31		
	Unrestricted	Temporarily Restricted	2017 2016
Revenues and Support			
Donations	\$ 329,544	\$ 76,100	\$ 405,644 \$ 363,979
Grants	53,500	-	53,500 27,500
Membership dues	39,578	4,665	44,243 45,467
Special events	7,785	-	7,785 18,855
Merchandise sales	575	163	738 1,722
Investment income	107	-	107 (3,601)
Miscellaneous income	5	-	5 11
Unrealized gain (loss) on investments	-	-	- 8,542
Released from restrictions	60,666	(60,666)	- -
Total Revenues and Support	491,760	20,262	512,022 462,475
Expenses			
Program services	359,136	-	359,136 289,347
Supporting Services:			
Management and general	45,414	-	45,414 39,608
Fundraising and public awareness	54,635	-	54,635 62,444
Total Expenses	459,185	-	459,185 391,399
Loss on sale of fixed asset	699	-	699 -
Change in Net Assets	31,876	20,262	52,138 71,076
Net assets, beginning of year	414,528	20,099	434,627 363,551
Net assets, end of year	\$ 446,404	\$ 40,361	\$ 486,765 \$ 434,627

See Independent Auditors' Report and
Notes to Financial Statements

CONCERNED CITIZENS OF MONTAUK, INC.

Statements of Cash Flows

for the years ended

	December 31	
	2017	2016
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 52,138	\$ 71,076
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Unrealized gains/losses on investments	-	(8,542)
Realized gains/losses on investments	102	5,532
Depreciation expense	4,104	3,124
(Increase) Decrease in:		
Accounts receivable	(2,500)	-
Prepaid expenses	(193)	7
Increase (Decrease) in:		
Accrued expenses	(7,104)	(4,354)
Taxes payable	(119)	(32)
Net Cash Provided by Operating Activities	46,428	66,811
<u>Cash Flows from Investing Activities:</u>		
Purchases of fixed assets, net of disposals	(6,518)	(2,367)
Investment proceeds	9,886	61,273
Dividends reinvested	(209)	(1,735)
Change in restricted funds	(20,262)	14,746
Stock donations	(9,988)	(7,336)
Net Cash (Used) Provided by Investing Activities	(27,091)	64,581
Net Increase in Cash and Cash Equivalents	19,337	131,392
Cash and Cash Equivalents, beginning of year	369,269	237,877
Cash and Cash Equivalents, end of year	<u>\$ 388,606</u>	<u>\$ 369,296</u>
<u>Supplemental Disclosures:</u>		
Non-cash donations:		
Stock	\$ 9,886	\$ 7,336
Other	7,173	5,645

See Independent Auditors' Report and
Notes to Financial Statements

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2017

Note 1 - Nature of Organization

Concerned Citizens of Montauk, Inc. is a community based nonprofit organization whose purpose is to preserve and protect the unique environment and ecology of Montauk through education, advocacy and grassroots citizen action.

Note 2 - Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition of disclosure through March 26, 2018, the date that the financial statements were available to be issued.

Note 3 - Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representations of the Organization's management who are responsible for their integrity and objectivity.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets. For the years ended December 31, 2017 and 2016, the Organization had both unrestricted net assets and temporarily restricted net assets.

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

See Independent Auditors' Report

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2017

Note 3 - Continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities and money markets are reported at their fair values in the statement of financial position. Investment income and any realized and unrealized gains and losses are included in the statement of activities.

Property, Equipment and Depreciation

Expenditures for property and equipment are capitalized at cost. Donated assets are capitalized at their fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Donated Materials and Services and Contributed Services

Donated materials and services are reflected as donations in the statements at their estimated values at the date of donation. A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund-raising campaigns. The value of this contributed time is not reported in these financial statements, as it does not meet the criteria for recognition.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

See Independent Auditors' Report

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2017

Note 3 - Continued

Summarized Financial Information for 2016

The financial statements include prior year summarized comparative information in total but not by net asset class in the Statement of Activities. Such information does not include sufficient detail to constitute a presentation in conformity with United States generally accepted accounting principles. Accordingly, such information should only be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Note 4 - Tax Exempt Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. 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).

There was no unrelated business income for the year ended December 31, 2017. Accordingly, no provision for Federal or State income taxes is required. As of December 31, 2017, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year 2014 and forward are subject to the usual review by the appropriate taxing authorities.

Note 5 - Temporarily Restricted Assets

The temporarily restricted net assets represent grants, donations and membership funds received and unexpended for the following programs:

	December 31	
	2017	2016
Save the Lake	\$ 17,819	\$ 20,099
Surfrider Water Quality	16,879	-
National Fish and Wildlife Foundation	5,500	-
Other	163	-
Total	<u>\$ 40,361</u>	<u>\$ 20,099</u>

See Independent Auditors' Report

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2017

Note 6 - Investments – Fair Value

Fair values for investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information. There were no changes in valuation techniques in the year ended December 31, 2017. The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the year ended December 31, 2017.

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization's investments consist solely of mutual funds which are considered Level 1 investments. The relationship between carrying values and fair values of investments as of December 31, 2017, is as follows:

	Carrying Value	Fair Value	Unrealized Gain (Loss)
Balance, beginning of year	\$ 42,316	\$ 42,316	\$ -
Balance, end of year	42,525	42,525	-
Change in unrealized gains/(losses)			<u>\$ -</u>

See Independent Auditors' Report

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2017

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

	December 31	
	2017	2016
Furniture and fixtures (7 years)	\$ 6,128	\$ 2,100
Equipment (3-5 years)	20,584	19,119
Less: Accumulated Depreciation	(12,752)	(9,673)
Total	<u>\$ 13,960</u>	<u>\$ 11,546</u>

Depreciation expense for the years ended December 31, 2017 and 2016 were \$4,104 and \$3,124 respectively.

Note 8 - Lease Commitment

The Organization has a two-year lease agreement with a one-year renewal options at the same rent, covering its office in Montauk, New York. The monthly lease payments are \$1,625 per month which are due on the first day of each month. The lease commenced May 1, 2016.

Year Ended December 31	Amount
2018 (four months)	6,500

Note 9 - Related Party Transactions

- Members of the board have provided financial support to the Organization in the amount of \$87,285 and \$69,340 respectively for the years ended December 31, 2017 and 2016.
- JMR Barker Foundation provided the Organization with grants totaling \$25,000 annually for the years ended December 31, 2017 and 2016. One of the board members of the Organization is also on the board of the JMR Barker Foundation.

See Independent Auditors' Report