

CONCERNED CITIZENS OF MONTAUK, INC.

Financial Statements

for the years ended
December 31, 2018 and 2017

CONCERNED CITIZENS OF MONTAUK, INC.

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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, 2018 and 2017, and the related statements of activities, functional expenses 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, 2018 and 2017, 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

April 5, 2019

CONCERNED CITIZENS OF MONTAUK, INC.

Statements of Financial Position

	December 31	
	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 405,597	\$ 431,131
Cash with donor restrictions	33,535	40,361
Accounts receivable	-	2,500
Prepaid expenses	2,182	2,074
Total Current Assets	<u>441,314</u>	<u>476,066</u>
Property and Equipment, net	<u>9,527</u>	<u>13,960</u>
Total Assets	<u>\$ 450,841</u>	<u>\$ 490,026</u>
Liabilities and Net Assets		
Current Liabilities		
Accrued expenses	\$ 14,548	\$ 3,259
Taxes payable	65	2
Total Current Liabilities	<u>14,613</u>	<u>3,261</u>
Net Assets		
Without donor restrictions	402,693	446,404
With donor restrictions	<u>33,535</u>	<u>40,361</u>
Total Net Assets	<u>436,228</u>	<u>486,765</u>
Total Liabilities and Net Assets	<u>\$ 450,841</u>	<u>\$ 490,026</u>

See Independent Auditors' Report and
Notes to Financial Statements

CONCERNED CITIZENS OF MONTAUK, INC.

Statements of Activities

for the years ended

			December 31	
	Without Donor Restrictions	With Donor Restrictions	2018	2017
Revenues and Support				
Donations	\$ 287,858	\$ 49,740	\$ 337,598	\$ 405,644
Grants	38,500	-	38,500	53,500
Membership dues	89,033	3,405	92,438	44,243
Special events and fundraising	6,046	-	6,046	7,785
Merchandise sales	1,102	157	1,259	738
Investment income	694	-	694	107
Miscellaneous income	656	-	656	5
Released from restrictions	<u>60,128</u>	<u>(60,128)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	<u>484,017</u>	<u>(6,826)</u>	<u>477,191</u>	<u>512,022</u>
Expenses				
Program services	346,155	-	346,155	359,136
Supporting Services:				
Management and general	119,273	-	119,273	45,414
Fundraising and public awareness	<u>62,300</u>	<u>-</u>	<u>62,300</u>	<u>54,635</u>
Total Expenses	<u>527,728</u>	<u>-</u>	<u>527,728</u>	<u>459,185</u>
Loss on sale of fixed asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>699</u>
Change in Net Assets	<u>(43,711)</u>	<u>(6,826)</u>	<u>(50,537)</u>	<u>52,138</u>
Net assets, beginning of year	<u>446,404</u>	<u>40,361</u>	<u>486,765</u>	<u>434,627</u>
Net assets, end of year	<u>\$ 402,693</u>	<u>\$ 33,535</u>	<u>\$ 436,228</u>	<u>\$ 486,765</u>

See Independent Auditors' Report and
Notes to Financial Statements

CONCERNED CITIZENS OF MONTAUK, INC.

Statements of Functional Expenses

for the years ended

Expense	Program	General & Administrative	Fundraising	December 31	
				2018	2017
Salaries and wages	131,365	78,443	29,519	239,327	206,250
Employee benefits	74,399	4,302	5,465	84,166	69,051
Payroll taxes	11,067	6,609	2,486	20,162	17,674
Contracted services	36,515	12,694	625	49,834	59,968
Environmental programming	48,512	10	661	49,183	16,854
Operations	25,829	7,570	3,788	37,187	35,241
Rent, facilities and equipment	11,793	7,872	2,650	22,315	21,114
Outreach and fundraising events	388	-	17,106	17,494	28,929
Grant expenses	3,627	-	-	3,627	-
Depreciation	2,660	1,773	-	4,433	4,104
				-	
Total Expenses	<u>\$ 346,155</u>	<u>\$ 119,273</u>	<u>\$ 62,300</u>	<u>\$ 527,728</u>	<u>\$ 459,185</u>

See Independent Auditors' Report and
Notes to Financial Statements

CONCERNED CITIZENS OF MONTAUK, INC.

Statements of Cash Flows

for the years ended

	December 31	
	2018	2017
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ (50,537)	\$ 52,138
Adjustments to reconcile the change in net assets to net cash (used) provided by operating activities:		
Realized gains/losses on investments	-	102
Depreciation expense	4,433	4,104
(Increase) Decrease in:		
Accounts receivable	2,500	(2,500)
Prepaid expenses	(108)	(193)
Increase (Decrease) in:		
Accrued expenses	11,289	(7,104)
Taxes payable	63	(119)
Net Cash (Used) Provided by Operating Activities	(32,360)	46,428
<u>Cash Flows from Investing Activities:</u>		
Purchases of fixed assets, net of disposals	-	(6,518)
Investment proceeds	-	9,886
Dividends reinvested	-	(209)
Change in restricted funds	6,826	(20,262)
Stock donations	-	(9,988)
Net Cash Provided (Used) by Investing Activities	6,826	(27,091)
Net (Decrease) Increase in Cash and Cash Equivalents	(25,534)	19,337
Cash and Cash Equivalents, beginning of year	431,131	411,794
Cash and Cash Equivalents, end of year	<u>\$ 405,597</u>	<u>\$ 431,131</u>
Supplemental Disclosures:		
Non-cash donations:		
Stock	\$ -	\$ 9,886
Other	6,046	7,173

See Independent Auditors' Report and
Notes to Financial Statements

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2018

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 April 5, 2019, 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.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The organization has adjusted the presentation of these statements accordingly.

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 have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2018

Note 3 - Continued

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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.

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2018

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. Restricted cash consists of funds with donor restrictions. Total cash is as follows:

Cash & Cash Equivalents:	
Cash in banks - checking	\$ 273,249
Cash in banks – money market	132,248
Petty cash	<u>100</u>
Total Cash & Cash Equivalents	<u>\$ 405,597</u>
Cash with donor restrictions:	
Cash in banks - checking	<u>\$ 33,535</u>
Total Cash & Cash Equivalents	<u>\$ 439,132</u>

Concentration of Credit Risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization deposits its cash and cash equivalents with what it believes to be quality financial institutions. The Organization believes no significant concentration of credit risk exists with respect to its cash and cash equivalents. The balances have exceeded the federally insured limit at times during the year.

Accounts Receivable, Net

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

There is no accounts receivable at December 31, 2018.

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2018

Note 3 - Continued

Property, Equipment and Depreciation

The 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.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-kind Donations and Services

In-kind donations are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and fundraising expenses on the accompanying statements of activities and statements of functional expenses. One hundred percent of the in-kind donations received were for fundraising events in 2018.

A substantial number of volunteers have made significant contributions of their time in furtherance of the organization's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

See Independent Auditors' Report

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2018

Note 3 - Continued

Functional Allocation of Expenses

The costs of providing the various programs and supporting services 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. Such allocations are determined by management on an equitable basis.

Expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Percentage of time spent
Marketing	Percentage of time spent
Operational expenses	Percentage of time spent
Occupancy	Percentage of square footage

Summarized Financial Information for 2017

The financial statements include prior year summarized comparative information in total but not by net asset class in the Statement of Activities. In addition, prior year expenses are shown by nature in total but not by function on the Statement of Functional Expenses. 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 Foundation's financial statements for the year ended December 31, 2017, 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, 2018. Accordingly, no provision for Federal or State income taxes is required. As of December 31, 2018, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year 2015 and forward are subject to the usual review by the appropriate taxing authorities.

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CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2018

Note 5 - Availability and Liquidity

The following represents the organization's financial assets at December 31, 2018:

Financial assets at year end:	
Cash and cash equivalents	\$ 439,132
Less financial assets not available to be used within one year:	
Net assets with donor restrictions	<u>(33,535)</u>
Financial assets available to meet the cash needs for general expenditures within one year of the date of the statement of financial position	<u>\$ 405,597</u>

The organization maintains financial assets to meet operating expenses. As part of its liquidity plan, excess cash, if any, is invested in short-term investments, including money market accounts.

Note 6 - Net Assets

Net assets with donor restrictions are as follows at December 31, 2018:

	December 31	
	2018	2017
Specific purpose:		
Save the Lake	\$ 27,715	\$ 17,819
Surfrider Water Quality	-	16,879
National Fish and Wildlife Foundation	5,500	5,500
Book proceeds	320	163
Total	<u>\$ 33,535</u>	<u>\$ 40,361</u>

Net assets with donor restrictions consist of the above funds with purpose restrictions.

Net assets without donor restrictions are as follows at December 31, 2018:

Undesignated	\$ 402,693
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Net assets released from net assets with donor restrictions are as follows at December 31, 2018:

Specific Purpose:	
Save the Lake	\$ (6,983)
Book proceeds	157
Total Released from Restrictions	<u>\$ (6,826)</u>

See Independent Auditors' Report

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2018

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

	December 31	
	2018	2017
Furniture and fixtures (7 years)	\$ 6,128	\$ 6,128
Equipment (3-5 years)	20,584	20,584
Less: Accumulated Depreciation	(17,185)	(12,752)
Total	<u>\$ 9,527</u>	<u>\$ 13,960</u>

Depreciation expense for the years ended December 31, 2018 and 2017 were \$4,433 and \$4,104 respectively.

Note 8 - Lease Commitment

The Organization has a three-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, 2018.

<u>Year Ended</u> <u>December 31</u>	<u>Amount</u>
2019	\$ 19,500
2020	19,500
2021 (four months)	6,500

Note 9 - Related Party Transactions

- Members of the board have provided financial support to the Organization in the amount of \$113,471 and \$87,285 respectively for the years ended December 31, 2018 and 2017.
- JMR Barker Foundation provided the Organization a grants totaling \$25,000 for the year ended December 31, 2017. One of the board members of the Organization is also on the board of the JMR Barker Foundation.

Note 10 - Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

See Independent Auditors' Report