

CONCERNED CITIZENS OF MONTAUK, INC.

Financial Statements

for the years ended
December 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, 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 and Oplinger

Sabel & Oplinger, CPA, PC
Southampton, New York

June 9, 2020

CONCERNED CITIZENS OF MONTAUK, INC.

Statements of Financial Position

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 263,228	\$ 405,597
Cash with donor restrictions	96,692	33,535
Grants receivable	18,711	-
Prepaid expenses	<u>1,700</u>	<u>2,182</u>
Total Current Assets	<u>380,331</u>	<u>441,314</u>
Property and Equipment, net	<u>8,042</u>	<u>9,527</u>
Total Assets	<u>\$ 388,373</u>	<u>\$ 450,841</u>
Liabilities and Net Assets		
Current Liabilities		
Accrued expenses	\$ 29,320	\$ 14,548
Taxes payable	<u>64</u>	<u>65</u>
Total Current Liabilities	<u>29,384</u>	<u>14,613</u>
Net Assets		
Without donor restrictions	262,297	402,693
With donor restrictions	<u>96,692</u>	<u>33,535</u>
Total Net Assets	<u>358,989</u>	<u>436,228</u>
Total Liabilities and Net Assets	<u>\$ 388,373</u>	<u>\$ 450,841</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	2019	2018
Revenues and Support				
Donations	\$ 248,075	\$ 57,982	\$ 306,057	\$ 337,598
Grants	-	95,588	95,588	38,500
Membership dues	63,200	-	63,200	92,438
Special events and fundraising	70,998	-	70,998	6,046
Merchandise sales	643	94	737	1,259
Investment income	3,374	-	3,374	694
Miscellaneous income	3	-	3	656
Released from restrictions	90,507	(90,507)	-	-
Total Revenues and Support	476,800	63,157	539,957	477,191
Expenses				
Program services	375,954	-	375,954	346,155
Supporting Services:				
Management and general	126,689	-	126,689	119,273
Fundraising and public awareness	114,553	-	114,553	62,300
Total Expenses	617,196	-	617,196	527,728
Change in Net Assets	(140,396)	63,157	(77,239)	(50,537)
Net assets, beginning of year	402,693	33,535	436,228	486,765
Net assets, end of year	\$ 262,297	\$ 96,692	\$ 358,989	\$ 436,228

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	
				2019	2018
Salaries and wages	139,244	83,248	31,248	253,740	239,327
Employee benefits	78,692	4,550	5,780	89,022	84,166
Payroll taxes	11,965	7,154	2,685	21,804	20,162
Contracted services	16,585	14,394	11,518	42,497	49,834
Environmental programming	51,694	-	-	51,694	49,183
Operations	29,620	7,127	4,805	41,552	37,187
Rent, facilities and equipment	12,151	8,450	2,727	23,328	22,315
Outreach and fundraising events	1,061	-	8,442	9,503	17,494
Grant expenses	32,293	-	-	32,293	3,627
Depreciation	2,649	1,766	-	4,415	4,433
				-	-
Total Expenses	<u>\$ 375,954</u>	<u>\$ 126,689</u>	<u>\$ 67,205</u>	<u>\$ 569,848</u>	<u>\$ 527,728</u>

See Independent Auditors' Report and
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CONCERNED CITIZENS OF MONTAUK, INC.

Statements of Cash Flows

for the years ended

	December 31	
	2019	2018
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ (77,239)	\$ (50,537)
Adjustments to reconcile the change in net assets to net cash (used) by operating activities:		
Depreciation expense	4,415	4,433
(Increase) Decrease in:		
Grants receivable	(18,711)	2,500
Prepaid expenses	482	(108)
Increase (Decrease) in:		
Accrued expenses	14,772	11,289
Taxes payable	(1)	63
Net Cash (Used) by Operating Activities	(76,282)	(32,360)
<u>Cash Flows from Investing Activities:</u>		
Purchases of fixed assets, net of disposals	(2,930)	-
Change in restricted funds	(63,157)	6,826
Net Cash (Used) Provided by Investing Activities	(66,087)	6,826
Net (Decrease) in Cash and Cash Equivalents	(142,369)	(25,534)
Cash and Cash Equivalents, beginning of year	405,597	431,131
Cash and Cash Equivalents, end of year	<u>\$ 263,228</u>	<u>\$ 405,597</u>
Supplemental Disclosures:		
Non-cash donations:		
Other - fundraising	\$ 47,348	\$ 6,046

See Independent Auditors' Report and
Notes to Financial Statements

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2019

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 June 9, 2020, 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, 2019

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, 2019

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	\$ 156,328
Cash in banks – money market	203,323
Petty cash	<u>269</u>
Total Cash & Cash Equivalents	<u>\$ 359,920</u>

Total cash consists of the following:	
Cash without donor restrictions	\$ 263,228
Cash with donor restrictions	<u>96,692</u>
Total Cash & Cash Equivalents	<u>\$ 359,920</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.

Grants Receivable, Net

Grants 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.

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2019

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 2019.

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, 2019

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
Depreciation	Percentage of time spent
Operational expenses	Percentage of time spent
Occupancy	Percentage of square footage

Summarized Financial Information for 2018

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, 2018, 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, 2019. Accordingly, no provision for Federal or State income taxes is required. As of December 31, 2019, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year 2016 and forward are subject to the usual review by the appropriate taxing authorities.

See Independent Auditors' Report

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2019

Note 5 - Availability and Liquidity

The following represents the organization's financial assets at December 31, 2019:

Financial assets at year end:	
Total cash and cash equivalents	\$ 359,920
Less financial assets not available to be used within one year:	
Cash with donor restrictions	<u>(96,692)</u>
Financial assets available to meet the cash needs for general expenditures	<u>\$ 263,228</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, 2019:

	December 31	
	2019	2018
Specific purpose:		
Save the Lake / Water Quality	\$ 82,582	\$ 27,715
Scholarship Fund	13,992	-
National Fish and Wildlife Foundation	-	5,500
Book proceeds	118	320
Total	<u>\$ 96,692</u>	<u>\$ 33,535</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, 2019:

Undesignated	\$ 262,297
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Net assets released from net assets with donor restrictions are as follows at December 31, 2019:

Specific Purpose:	
Save the Lake / Water Quality	\$ (84,711)
National Fish and Wildlife Foundation	(5,500)
Book proceeds	<u>(296)</u>
Total Released from Restrictions	<u>\$ (90,507)</u>

See Independent Auditors' Report

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2019

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

	December 31	
	2019	2018
Furniture and fixtures (7 years)	\$ 6,128	\$ 6,128
Equipment (3-7 years)	23,514	20,584
Less: Accumulated Depreciation	(21,600)	(17,185)
Total	<u>\$ 8,042</u>	<u>\$ 9,527</u>

Depreciation expense for the years ended December 31, 2019 and 2018 were \$4,415 and \$4,433 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.

Year Ended <u>December 31</u>	<u>Amount</u>
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 \$110,620 and \$113,471 respectively for the years ended December 31, 2019 and 2018.

Note 10 - Subsequent Events

As a result of the current COVID-19 pandemic, economic uncertainties have arisen which are likely to negatively impact fundraising and donations. Other financial impacts could occur though such potential impacts are unknown at this time. These potential losses have not been recognized and are not required to be recognized in these financial statements.

See Independent Auditors' Report

Sabel & Oplinger, CPA, PC

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

In planning and performing our audit of the financial statements of Concerned Citizens of Montauk, Inc. as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in the internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected, and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use by management of the Concerned Citizens of Montauk, Inc. and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sabel and Oplinger

Sabel & Oplinger, CPA, PC
Southampton, New York

June 9, 2020