

CONCERNED CITIZENS OF MONTAUK, INC.

Financial Statements

for the years ended
December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Concerned Citizens of Montauk, Inc., financial statements for the year ended December 31, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sabel and Oplinger

Sabel & Oplinger, CPA, PC
Southampton, New York

June 7, 2021

CONCERNED CITIZENS OF MONTAUK, INC.

Statements of Financial Position

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 311,832	\$ 263,228
Restricted	170,031	96,692
Grants receivable	50,714	18,711
Prepaid expenses	<u>1,748</u>	<u>1,700</u>
Total Current Assets	<u>534,325</u>	<u>380,331</u>
Property and Equipment, net	<u>6,815</u>	<u>8,042</u>
Total Assets	<u>\$ 541,140</u>	<u>\$ 388,373</u>
Liabilities and Net Assets		
Current Liabilities		
Accrued expenses	\$ 57,543	\$ 29,320
Taxes payable	<u>50</u>	<u>64</u>
Total Current Liabilities	<u>57,593</u>	<u>29,384</u>
Net Assets		
Without donor restrictions	313,516	262,297
With donor restrictions	<u>170,031</u>	<u>96,692</u>
Total Net Assets	<u>483,547</u>	<u>358,989</u>
Total Liabilities and Net Assets	<u>\$ 541,140</u>	<u>\$ 388,373</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	2020	2019
Revenues and Support				
Donations	\$ 348,276	\$ 51,228	\$ 399,504	\$ 306,057
Grants	-	77,714	77,714	95,588
Membership dues	76,813	-	76,813	63,200
Special events and fundraising	-	-	-	70,998
Merchandise sales	-	-	-	737
Investment income	626	-	626	3,374
Miscellaneous income	593	-	593	3
Other income – government stimulus	72,015	-	72,015	-
Released from restrictions	<u>55,603</u>	<u>(55,603)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	<u>553,926</u>	<u>73,339</u>	<u>627,265</u>	<u>539,957</u>
Expenses				
Program services	325,181	-	325,181	375,954
Supporting Services:				
Management and general	130,771	-	130,771	126,689
Fundraising and public awareness	<u>46,755</u>	<u>-</u>	<u>46,755</u>	<u>114,553</u>
Total Expenses	<u>502,707</u>	<u>-</u>	<u>502,707</u>	<u>617,196</u>
Change in Net Assets	<u>51,219</u>	<u>73,339</u>	<u>124,558</u>	<u>(77,239)</u>
Net assets, beginning of year	<u>262,297</u>	<u>96,692</u>	<u>358,989</u>	<u>436,228</u>
Net assets, end of year	<u>\$ 313,516</u>	<u>\$ 170,031</u>	<u>\$ 483,547</u>	<u>\$ 358,989</u>

See Independent Auditors' Report and
Notes to Financial Statements

CONCERNED CITIZENS OF MONTAUK, INC.

Statements of Functional Expenses

for the years ended December 31

Expenses	<u>2020</u>				<u>2019</u>			
	Program	General & Administrati	Fundraising	Total	Program	General & Administrati	Fundraising	Total
Salaries and wages	\$ 136,711	\$ 87,756	\$ 30,436	\$ 254,903	\$ 139,244	\$ 83,248	\$ 31,248	\$ 253,740
Employee benefits	85,194	4,927	6,258	96,379	78,692	4,550	5,780	89,022
Payroll taxes	11,614	7,454	2,586	21,654	11,965	7,154	2,685	21,804
Contracted services	765	14,442	2,338	17,545	16,585	14,394	11,518	42,497
Environmental programming	7,983	-	-	7,983	51,694	-	-	51,694
Operations	21,038	6,669	2,615	30,322	29,620	7,127	4,805	41,552
Rent, facilities and equipment	11,327	8,592	2,522	22,441	12,151	8,450	2,727	23,328
Outreach and fundraising events	89	-	-	89	1,061	-	8,442	9,503
Grant expenses	49,064	-	-	49,064	32,293	-	-	32,293
Depreciation	1,396	931	-	2,327	2,649	1,766	-	4,415
				-				
Total Expenses	<u>\$ 325,181</u>	<u>\$ 130,771</u>	<u>\$ 46,755</u>	<u>\$ 502,707</u>	<u>\$ 375,954</u>	<u>\$ 126,689</u>	<u>\$ 67,205</u>	<u>\$ 569,848</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	
	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 124,558	\$ (77,239)
Adjustments to reconcile the change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	2,327	4,415
(Increase) Decrease in:		
Grants receivable	(32,003)	(18,711)
Prepaid expenses	(48)	482
Increase (Decrease) in:		
Accrued expenses	28,223	14,772
Taxes payable	<u>(14)</u>	<u>(1)</u>
Net Cash Provided (Used) by Operating Activities	123,043	(76,282)
<u>Cash Flows from Investing Activities:</u>		
Purchases of fixed assets, net of disposals	<u>(1,100)</u>	<u>(2,930)</u>
Net Cash (Used) by Investing Activities	<u>(1,100)</u>	<u>(2,930)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	121,943	(79,212)
Cash and Cash Equivalents, beginning of year	<u>359,920</u>	<u>439,132</u>
Cash and Cash Equivalents, end of year	<u>\$ 481,863</u>	<u>\$ 359,920</u>
Supplemental Disclosures:		
Non-cash donations:		
Other - fundraising	\$ -	\$ 47,348

See Independent Auditors' Report and
Notes to Financial Statements

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2020

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 7, 2021, 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 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:

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.

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2020

Note 3 - Continued

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.

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.

Revenue and Revenue Recognition

The organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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.

The Organization has the following exchange transaction revenue included in its Statement of Activities for the year ending December 31, 2020:

- *Members' Dues* - Membership dues are recognized as revenue in the applicable membership period which is one year. These dues provide members access to monthly newsletters, advance notice and access to events/activities, and a ten percent discount on merchandise.
- *Merchandise sales* - Revenues derived from the sale of merchandise are recognized when the goods are received by the purchaser.

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2020

Note 3 - Continued

- *Special Event and Fundraising*– The Organization conducts special and fundraising events in which a portion of the proceeds paid by the participant represent payment for the direct cost benefits received by the participant at the event – the exchange component, and a portion represents a contribution to the Organization. The fair value of meals and entertainment provided at these events are measured at actual cost to the Organization and is recognized when the event takes place. The contribution portion is the excess of the gross revenue over the fair value of the direct donor benefit and is recognized immediately, unless there is a right of return if the event does not take place.

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. There were no in-kind donations in 2020 and one hundred percent of the in-kind donations received in 2019 were for fundraising events.

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.

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2020

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:

	December 31	
	2020	2019
Unrestricted:		
Cash in banks - checking	\$ 107,733	\$ 59,636
Cash in banks – money market	203,799	203,323
Petty cash	300	269
Total Unrestricted Cash	<u>311,832</u>	<u>263,228</u>
Restricted:		
Restricted donations	\$ 170,031	\$ 96,692
Total Restricted Cash	<u>170,031</u>	<u>96,692</u>
Total Cash and Cash Equivalents	<u>\$ 481,863</u>	<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, 2020

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.

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 2019

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 Foundation's financial statements for the year ended December 31, 2019, 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, 2020. Accordingly, no provision for Federal or State income taxes is required. As of December 31, 2020, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year 2017 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, 2020

Note 5 - Availability and Liquidity

The following represents the organization's financial assets as of:

	December 31	
	2020	2019
Total cash and cash equivalents	\$ 481,863	\$ 359,920
Grants receivable	50,714	18,711
Total Financial Assets	<u>\$ 532,577</u>	<u>\$ 378,631</u>

Less financial assets not available to be used within one year:

Net assets with donor restrictions	<u>(170,031)</u>	<u>(96,692)</u>
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Financial assets available to meet the cash needs for general expenditures within one year

	<u>\$ 362,546</u>	<u>\$ 281,939</u>
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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	
	2020	2019
Specific Purpose:		
Save the lake / Water quality	\$ 152,571	\$ 82,582
Scholarship fund	17,342	13,992
Book proceeds	118	118
Total Net Assets with Donor Restrictions	<u>\$ 170,031</u>	<u>\$ 96,692</u>

Net assets without donor restrictions are as follows:

	December 31	
	2020	2019
Undesignated	<u>\$ 313,516</u>	<u>\$ 262,297</u>

Net assets released from net assets with donor restrictions are as follows:

	December 31	
	2020	2019
Specific Purpose:	<u>\$ (55,600)</u>	<u>\$ (90,507)</u>

See Independent Auditors' Report

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2020

Note 7 - Government Stimulus

The Organization received a \$72,015 refundable PPP grant from the Small Business Administration (SBA) during the year ended December 31, 2020. As a result, the grant has been recorded as a refundable advance in accordance with FASB ASC 958-605. The SBA has forgiven the loan on December 3, 2020 and the entire grant is included in *Other income – government stimulus* on the Statement of Activities.

Note 8 - Property and Equipment

Property and equipment are summarized as follows:

	December 31	
	2020	2019
Furniture and fixtures (7 years)	\$ 6,128	\$ 6,128
Equipment (3-7 years)	24,614	23,514
Less: Accumulated Depreciation	(23,927)	(21,600)
Total	<u>\$ 6,815</u>	<u>\$ 8,042</u>

Depreciation expense for the years ended December 31, 2020 and 2019 were \$2,327 and \$4,415 respectively.

Note 9 - Lease Commitment

The Organization has a three-year lease agreement covering its office in Montauk, New York, commencing May 1, 2018. The monthly lease payments are \$1,625 per month which are due on the first day of each month. In April 2021, the lease was extended an additional two years at the same terms and expires April 30, 2023.

Year Ended	Amount
<u>December 31</u>	
2021	19,500
2022	19,500
2023 (four months)	6,500

Note 10 - Related Party Transactions

Members of the board have provided financial support to the Organization in the amount of \$146,080 and \$105,920 respectively for the years ended December 31, 2020 and 2019.

See Independent Auditors' Report

CONCERNED CITIZENS OF MONTAUK, INC.

Notes to Financial Statements

December 31, 2020

Note 11 - Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 12 - Subsequent Events

As a result of the current COVID-19 pandemic, economic uncertainties have arisen which are likely to negatively impact fundraising, program service, donations and investment balances. These potential losses have not been recognized and are not required to be recognized in these financial statements. The organization has obtained government stimulus funds (see Note 7 for recognition details) and believes it has adequate funds to cover any potential losses due to the pandemic.

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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, 2020, 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 7, 2021