

FRIENDS OF NOBSKA LIGHT, INC.

Financial Statements

December 31, 2019

FRIENDS OF NOBSKA LIGHT, INC.

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LAMB, MASON, BULGER & CO., P.C.
Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

July 9, 2020

To the Board of Directors
Friends of Nobska Light, Inc.

We have audited the accompanying financial statements of Friends of Nobska Light, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, functional expense and cash flows for the year 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 audit. 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 financial statements are free from 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 Friends of Nobska Light, Inc. as of December 31, 2019, and the change in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Lamb, Mason, Bulger & Co., P.C.

FRIENDS OF NOBSKA LIGHT, INC.

Statement of Financial Position

December 31, 2019

(See Independent Auditor's Report)

ASSETS

Cash	\$ 773,191
Pledges Receivable	385,500
Equipment	1,279
Accumulated depreciation	<u>(640)</u>
Total Assets	<u>\$ 1,159,330</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Payroll liabilities	\$ 3,734
Accounts payable	<u>459,656</u>
Total Liabilities	<u>463,390</u>
Net Assets:	
Net assets without donor restrictions	310,440
Net assets with donor restrictions	<u>385,500</u>
Total Net Assets	<u>695,940</u>
Total Liabilities and Net Assets	<u>\$ 1,159,330</u>

FRIENDS OF NOBSKA LIGHT, INC.

Statement of Activity

For the Year Ended December 31, 2019

(See Independent Auditor's Report)

	<u>Without</u> <u>Donor Restriction</u>	<u>With</u> <u>Donor Restriction</u>	<u>Total</u>
Support and Revenue:			
Contributions	\$ 278,311	\$ 139,000	\$ 417,311
Grants	931,928	200,000	1,131,928
Events	392	-	392
Investment income	35	-	35
Net assets released from restrictions:			
Satisfaction of restrictions as to purpose	<u>29,450</u>	<u>(29,450)</u>	<u>-</u>
Total Support and Revenue	<u>1,240,116</u>	<u>309,550</u>	<u>1,549,666</u>
Expenses:			
Program services	1,256,714	-	1,256,714
General administration	6,608	-	6,608
Fundraising	<u>68,193</u>	<u>-</u>	<u>68,193</u>
Total Expenses	<u>1,331,515</u>	<u>-</u>	<u>1,331,515</u>
Change in Net Assets	<u>(91,399)</u>	<u>309,550</u>	<u>218,151</u>
Net Assets, Beginning of Year	<u>401,839</u>	<u>75,950</u>	<u>477,789</u>
Net Assets, End of Year	<u>\$ 310,440</u>	<u>\$ 385,500</u>	<u>\$ 695,940</u>

See Accompanying Notes to Financial Statements

FRIENDS OF NOBSKA LIGHT, INC.

Statement of Cash Flows

For the Year Ended December 31, 2019

(See Independent Auditor's Report)

Cash Flows from Operating Activities:	
Change in net assets	\$ 218,151
adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	183
Increase in pledges receivable	(309,550)
Increase in payroll liabilities	3,734
Increase in accounts payable	<u>456,432</u>
Net Cash Provided by Operating Activities	<u>368,950</u>
Net Increase in Cash	368,950
Cash at Beginning of Year	<u>404,241</u>
Cash at End of Year	<u>\$ 773,191</u>

See Accompanying Notes to Financial Statements

FRIENDS OF NOBSKA LIGHT, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2019

(See Independent Auditor's Report)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Restoration costs	\$ 1,177,480	\$ -	\$ -	\$ 1,177,480
Consulting	-	-	42,175	42,175
Advertising	-	-	845	845
Printing and postage	-	-	4,892	4,892
Depreciation	183	-	-	183
Events	-	-	6,651	6,651
Supplies	-	2,669	13,630	16,299
Insurance	831	773	-	1,604
Professional fees	-	2,500	-	2,500
Bank charges	-	522	-	522
Payroll	62,400	-	-	62,400
Membership dues	399	-	-	399
Payroll taxes	5,426	-	-	5,426
Repairs and maintenance	4,421	-	-	4,421
Filing fees	-	144	-	144
Utilities	3,251	-	-	3,251
Technology	2,323	-	-	2,323
Total Program Expenses	<u>\$ 1,256,714</u>	<u>\$ 6,608</u>	<u>\$ 68,193</u>	<u>\$ 1,331,515</u>

FRIENDS OF NOBSKA LIGHT, INC.

Notes to Financial Statements

December 31, 2019

(See Independent Auditor's Report)

Note 1 - Summary of Significant Accounting Policies:

Organization – Friends of Nobska Light was established in Woods Holes, Massachusetts in 2015. The mission of Friends of Nobska Light is to preserve the tower, the lighthouse keeper's house and the grounds as an educational resource open to the public. Falmouth Historical Society, Highfield Hall & Gardens, Woods Hole Historical Museum and Woods Hole Community Association cooperated to form the Friends of Nobska Light.

Financial Statement Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions, and net assets without donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting.

Revenue and Support - Contributions received are recorded as support with donor restrictions and support without donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions.

Contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. The Organization reports contributions with donor imposed restrictions as support without donor restrictions when the restrictions are met in the same reporting period as received.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services, materials or facilities that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

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.

Contributed Services - A substantial number of unpaid volunteers including board members have made significant contributions of their time to develop the Organization's programs and policies. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

FRIENDS OF NOBSKA LIGHT, INC.

Notes to Financial Statements

December 31, 2019

(See Independent Auditor's Report)

Note 1 - Summary of Significant Accounting Policies (continued):

Depreciation – Acquisitions of property and equipment in excess of \$500 are capitalized. Equipment is stated at cost if purchased, and at fair market value at date of gift if donated. Major additions are charged to the property accounts, while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed in the year incurred. Fixed assets are depreciated using the straight line method over the useful life of the asset. The equipment and furniture is being depreciated over a seven year life. Depreciation expense for the year ended December 31, 2019 was \$183.

Subsequent Events - Events subsequent to December 31, 2019 have been evaluated through July 9, 2020, the date these financial statements were available to be issued, to determine whether they should be disclosed to keep the financial statements from being misleading. Management found no additional subsequent events that should be disclosed.

Allocation of Expenses - The Organization incurred costs for fund raising, program, and management activities which were allocated based on specific identification of expense items. The allocated costs are shown on Exhibit D.

Note 2 - Pledges Receivable:

Pledges receivable are from the capital campaign for the restoration of Nobska Light and are expected to be fully collectable, therefore no allowance or discount is reported.

Pledges are due as follows:	2020	\$ 182,275
	2021	163,825
	2022	38,900
	2023	500
		<u>\$ 385,500</u>

Note 3 – Accounts Payable:

Accounts payable consist of the following:	Restoration costs	\$ 456,436
	Design costs	720
	Fundraising consulting	<u>2,500</u>
		<u>\$ 459,656</u>

FRIENDS OF NOBSKA LIGHT, INC.

Notes to Financial Statements

December 31, 2019

(See Independent Auditor's Report)

Note 4 - Restrictions on Net Assets:

Net assets with donor restrictions represent donations that are restricted by the donor. Donor imposed restrictions may be temporary or perpetual in nature. When a donor restriction is accomplished or when a stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as a reclassification of net assets

Donor restricted as to time or purpose December 31, 2019:

Pledges receivable	\$ 385,500
Total net assets restricted as to a purpose	<u>\$ 385,500</u>

Note 5 - Taxes:

The Organization is a nonprofit organization under Section 501 (c)(3) of the Internal Revenue Code, as such it is exempt from income tax except that from unrelated sales of goods of which there were none.

Note 6 – Concentration of Support:

The Organization received donations of \$601,928, \$225,000, and \$300,000 from single donors in 2019.

Note 7 – Commitments:

The Organization signed a contract with an architectural firm for the design and oversight of the reconstruction of Nobska Light. The balance remaining on the contract on December 31, 2019 was \$41,500.

The Organization also signed a contract with a construction company for the renovation of Nobska Light. The original contract plus change orders is \$1,931,494. The remaining balance on this contract including change orders was \$1,219,639 at December 31, 2019.

Note 8 – Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

Cash and equivalents	<u>\$ 773,191</u>
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Note 9 – Credit Risk:

The Organization maintains bank accounts at local banks insured by the Federal Deposit Insurance Corporation up to \$250,000. Account balances exceeded the insured limit by \$523,191 on December 31, 2019. Amounts in excess of FDIC limits are insured through private insurance with Depositors Insurance Fund.