

FRIENDS OF NOBSKA LIGHT, INC.

Financial Statements

December 31, 2023

FRIENDS OF NOBSKA LIGHT, INC.

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Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

November 1, 2024

To the Board of Directors
Friends of Nobska Light, Inc.
Woods Hole, MA

Opinion

We have audited the accompanying financial statements of Friends of Nobska Light, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of Nobska Light, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Nobska Light, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Friends of Nobska Light, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Nobska Light, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

Lamb Mason Bulger & Co. P.C.

FRIENDS OF NOBSKA LIGHT, INC.

Statement of Financial Position

December 31, 2023

(See Independent Auditor's Report)

ASSETS

Cash	\$ 234,453
Prepaid expenses	8,616
Pledges Receivable	95,500
Equipment	<u>2,400</u>
Total Assets	<u>\$ 340,969</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 22
Payroll liabilities	<u>1,053</u>
Total Liabilities	<u>1,075</u>
Net Assets:	
Net assets without donor restrictions	244,394
Net assets with donor restrictions	<u>95,500</u>
Total Net Assets	<u>339,894</u>
Total Net Assets and Liabilities	<u>\$ 340,969</u>

FRIENDS OF NOBSKA LIGHT, INC.

Statement of Activity

For the Year Ended December 31, 2023

(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	\$ 309,894	\$ 58,000	\$ 367,894
In-kind donations	20,496	-	20,496
Donated services	25,105	-	25,105
Grants	160,000	-	160,000
Gift shop sales, net of \$9,429 cost of goods sold	6,597	-	6,597
Events	1,102	-	1,102
Net assets released from restrictions:			
Satisfaction of restrictions as to purpose	<u>39,500</u>	<u>(39,500)</u>	<u>-</u>
Total Support and Revenue	<u>562,694</u>	<u>18,500</u>	<u>581,194</u>
Expenses:			
Program services	648,388	-	648,388
General administration	9,519	-	9,519
Fundraising	<u>31,259</u>	<u>-</u>	<u>31,259</u>
Total Expenses	<u>689,166</u>	<u>-</u>	<u>689,166</u>
Change in Net Assets	<u>(126,472)</u>	<u>18,500</u>	<u>(107,972)</u>
Net Assets, Beginning of Year	<u>370,866</u>	<u>77,000</u>	<u>447,866</u>
Net Assets, End of Year	<u>\$ 244,394</u>	<u>\$ 95,500</u>	<u>\$ 339,894</u>

See Accompanying Notes to Financial Statements

FRIENDS OF NOBSKA LIGHT, INC.

Statement of Cash Flows

For the Year Ended December 31, 2023

(See Independent Auditor's Report)

Cash Flows from Operating Activities:	
Change in net assets	\$(107,972)
adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Decrease in prepaid expenses	32
Increase in pledges receivable	(18,500)
Decrease in payroll liabilities	(1,119)
Decrease in accounts payable	(1,482)
Net Cash Used by Operating Activities	(129,041)
 Cash Flows from Financing Activities:	
Purchase of Equipment	(2,400)
Net Cash Used by Financing Activities	(2,400)
 Net Decrease in Cash	(131,441)
 Cash at Beginning of Year	<u>365,894</u>
 Cash at End of Year	<u>\$ 234,453</u>

See Accompanying Notes to Financial Statements

FRIENDS OF NOBSKA LIGHT, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2023

(See Independent Auditor's Report)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Restoration costs	\$ 538,563	\$ -	\$ -	\$ 538,563
Advertising	-	-	1,807	1,807
Bank fees	-	2,717	-	2,717
Printing and postage	-	-	6,112	6,112
Events	-	-	23,340	23,340
Supplies	934	40	-	974
Insurance	16,703	1,118	-	17,821
Professional fees	-	5,500	-	5,500
Payroll	54,382	-	-	54,382
Membership dues	1,502	-	-	1,502
Payroll taxes	5,372	-	-	5,372
Repairs and maintenance	14,361	-	-	14,361
Filing fees	-	144	-	144
Utilities	9,935	-	-	9,935
Volunteers	1,881	-	-	1,881
Technology	4,755	-	-	4,755
Total Program Expenses	<u>\$ 648,388</u>	<u>\$ 9,519</u>	<u>\$ 31,259</u>	<u>\$ 689,166</u>

FRIENDS OF NOBSKA LIGHT, INC.

Notes to Financial Statements

December 31, 2023

(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, 2023

(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.

Subsequent Events - Events subsequent to December 31, 2023 have been evaluated through November 1, 2024, 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: 2024	\$ 64,250
2025	11,250
2026	10,000
2027	<u>10,000</u>
	<u>\$ 95,500</u>

FRIENDS OF NOBSKA LIGHT, INC.

Notes to Financial Statements

December 31, 2023

(See Independent Auditor's Report)

Note 3 - 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, 2023:

Pledges receivable	\$ <u>95,500</u>
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Note 4 - 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 5 – 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	\$ 234,453
Pledges Receivable	<u>64,250</u>
Total	<u>\$ 298,703</u>

Note 6– Credit Risk:

The Organization maintains bank accounts at local banks insured by the Federal Deposit Insurance Corporation up to \$250,000. Account balances did not exceed the insured limit on December 31, 2023. Amounts in excess of FDIC limits are insured through private insurance with Depositors Insurance Fund.

FRIENDS OF NOBSKA LIGHT, INC.

Notes to Financial Statements

December 31, 2023

(See Independent Auditor's Report)

Note 7 – Donated Services:

Friends of Nobska Light, Inc. received donations of services from local businesses. For 2023 the Organization recognized \$25,105 as donated service revenue and expense.

Donated service revenue is included in the following revenue accounts:

Donated services	<u>\$ 25,105</u>
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Donated services consisted of the following:

Services for fundraising events	3,000
Services for lighthouse renovation	<u>22,105</u>
	<u>\$ 25,105</u>

Note 8 - Concentration:

The Organization received contributions of \$160,000 from a single donor in 2023. This accounted for 27.5% of total support and revenue for that year.

Note 9 – In-kind Donations:

The organization received gifts-in-kind donations during 2023. For 2023 the Organization recognized \$20,496 as gift-in-kind revenue and expense.

Gift-in-kind revenue is included in the following revenue accounts:

In-kind donations	<u>\$ 20,496</u>
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Gift-in-kind expenses consisted of the following:

Office Supplies	\$ 360
Renovation costs	2,345
Expenses for fundraising events	<u>17,791</u>
	<u>\$ 20,496</u>

All gifts-in-kind received by the Organization during 2023 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value.