

**Northport Youth Sailing School**

FINANCIAL STATEMENTS AND  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS'  
REVIEW REPORT

December 31, 2013

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## INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Northport Youth Sailing School

We have reviewed the accompanying statement of assets, liabilities and net assets - modified cash basis of the *Northport Youth Sailing School* (the "School"), a non-profit corporation as of December 31, 2013, and the related statements of revenues, expenses and other changes in net assets - modified cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the school management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services*, issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting as described in Note A.

*Dennis, Gartland & Niergarth*

July 24, 2014

# Northport Youth Sailing School

## STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS MODIFIED CASH BASIS

December 31, 2013

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 36,725
<b>OTHER ASSETS</b>	
Equipment, net	<u>44,921</u>
Total assets	<u>\$ 81,646</u>
<b>NET ASSETS</b>	
Unrestricted	<u>81,646</u>
Total net assets	<u>\$ 81,646</u>

See Independent Certified Public Accountants' Review Report.  
The accompanying notes are an integral part of these financial statements.

# Northport Youth Sailing School

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS

For the year ended December 31, 2013

	<u>Unrestricted</u>
<b>REVENUE AND SUPPORT</b>	
Program service revenue	\$ 23,467
Contributions	33,065
Grants	<u>8,975</u>
Total revenue and support	<u>65,507</u>
<b>EXPENSES</b>	
General and administrative expenses	12,468
Operating expenses	38,633
Fundraising expenses	564
Loss on sale of assets	<u>350</u>
Total expenses	<u>52,015</u>
<b>CHANGE IN NET ASSETS</b>	13,492
<b>NET ASSETS</b> , beginning of year	<u>68,154</u>
<b>NET ASSETS</b> , end of year	<u>\$ 81,646</u>

See Independent Certified Public Accountants' Review Report.  
The accompanying notes are an integral part of these financial statements.

# Northport Youth Sailing School

## NOTES TO FINANCIAL STATEMENTS

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Reporting Entity*

Northport Youth Sailing School (the "School") is a not-for-profit organization which owns and operates sailboats to provide young people the opportunity to experience the lifetime sport of sailing in a safe and fun environment.

#### *Basis of Accounting and Financial Statement Presentation*

The financial statements of the "School" have been prepared on the modified cash basis of accounting. The school also filed IRS Form 990-EZ - Return of Organization Exempt from Income Tax on the modified cash basis. Contributions and other revenues are recognized when received rather than when promised or earned, and expenses are recognized when cash is disbursed rather than when the obligation is incurred. Equipment is capitalized when purchased and depreciated over the estimated useful life of the asset.

The school reports information regarding its financial position and activities according to three classes of net assets depending on the existence or absence of donor-imposed restriction: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The school had no temporarily or permanently restricted net assets as of December 31, 2013.

**Unrestricted Net Assets** represent net assets generally resulting from revenues derived from providing services, and receiving unrestricted contributions, less the expense incurred in providing services and performing administrative functions.

**Temporarily Restricted Net Assets** represent net assets restricted by a donor or other outside party for particular purposes or for use in a specified future period. These assets are reported as revenue when the school receives the assets and are transferred to unrestricted net asset when the purpose of restriction or time restrictions have been met. Temporarily restricted net assets whose restrictions are met in the same reporting period are shown as unrestricted net assets.

#### *Equipment*

Equipment is used for education and is recorded at cost or fair value at the date of receipt if donated. Major improvements are capitalized, while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is computed using the straight-line method over the estimated life of the related assets, which range from 5 to 25 years.

#### *Revenue Recognition*

The school recognizes revenues from programs, contributions and other revenues when received.

## NOTES TO FINANCIAL STATEMENTS - Continued

### *Functional Allocation of Expenses*

The costs to provide the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses and changes in net assets - modified cash basis. Accordingly, certain costs have been allocated among the services.

### *Income Taxes*

The school is exempt from Federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The school is not classified as a private foundation. No provision for income taxes has been provided in these financial statements.

The school files an information return in the U.S. Federal jurisdiction. With few exceptions, the school is no longer subject to U.S. Federal Tax examinations by tax authorities for years before December 31, 2010.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the year. Actual results could differ from those estimates.

### *Subsequent Events*

The school has evaluated subsequent events and transactions for potential recognition and disclosure through July 24, 2014, the date the financial statements were available to be issued.

## **NOTE B - EQUIPMENT**

Equipment consisted of the following at December 31, 2013:

Boats and motors	\$ 63,343
Less accumulated depreciation	<u>(18,422)</u>
Total	<u>\$ 44,921</u>

Depreciation expense for the year ended December 31, 2013 was \$7,341.