

Center for Coastal Studies, Inc.

FINANCIAL STATEMENTS

For the years ended
December 31, 2014 and 2013

Independent Auditor's Report

To the Board of Directors of
Center for Coastal Studies, Inc.

We have audited the accompanying financial statements of Center for Coastal Studies, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and 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 conduct 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 Center for Coastal Studies, Inc. as of December 31, 2014 and 2013, 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.

Sanders, Walsh & Eaton, LLP

West Chatham, Massachusetts
February 18, 2015

Center for Coastal Studies, Inc.

Statements of Financial Position December 31, 2014 and 2013

	2014	2013
<u>Assets</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 267,716	\$ 294,852
Inventory	14,740	8,868
Investments	413,393	212,513
Accounts Receivable	358,234	267,401
Prepaid Expenses	4,572	6,948
Total Current Assets	1,058,655	790,582
OTHER ASSETS		
Land, Buildings, and Equipment (Net)	2,711,269	2,798,485
Dock Rights	250,000	250,000
Total Other Assets	2,961,269	3,048,485
Total Assets	\$ 4,019,924	\$ 3,839,067
<u>Liabilities and Net Assets</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 7,656	\$ 26,697
Accrued Expenses	13,582	8,248
Current Portion of Long Term Debt	15,600	14,841
Total Current Liabilities	36,838	49,786
LONG TERM LIABILITIES		
Note Payable- Cape Cod Five	75,000	
Mortgage Payable- Seaman's Bank	57,798	323,315
Mortgage Payable- Seaman's Bank	310,361	60,152
Total Long Term Liabilities	443,159	383,467
Total Liabilities	479,997	433,253
NET ASSETS		
Unrestricted Net Assets	3,126,522	3,193,301
Temporarily Restricted Net Assets	329,914	134,102
Permanently Restricted Net Assets	83,491	78,411
Total Net Assets	3,539,927	3,405,814
Total Liabilities and Net Assets	\$ 4,019,924	\$ 3,839,067

See accompanying notes and independent auditor's report.

Center for Coastal Studies, Inc.

Statement of Activities For the year ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Total</u>
Revenue:				
Memberships	\$ 84,763	\$ -	\$ -	\$ 84,763
Contributions, Grants, Contracts	2,568,750	185,000	-	2,753,750
Special Events	26,408	-	-	26,408
Merchandise Sales (Net)	8,550	-	-	8,550
Other Earned Income	34,247	-	-	34,247
Investment Income	66	10,812	5,080	15,958
	<u>2,722,784</u>	<u>195,812</u>	<u>5,080</u>	<u>2,923,676</u>
Total Revenue				
Expenses:				
Program Services	2,124,360	-	-	2,124,360
General and Administrative	503,471	-	-	503,471
Fund Raising	161,732	-	-	161,732
	<u>2,789,563</u>	<u>-</u>	<u>-</u>	<u>2,789,563</u>
Total Expenses				
Net increase/(decrease) in net assets	(66,779)	195,812	5,080	134,113
Net assets at beginning of year	<u>3,193,301</u>	<u>134,102</u>	<u>78,411</u>	<u>3,405,814</u>
Net assets at end of year	<u>\$ 3,126,522</u>	<u>\$ 329,914</u>	<u>\$ 83,491</u>	<u>\$ 3,539,927</u>

See accompanying notes and independent auditor's report.

Center for Coastal Studies, Inc.

Statement of Activities For the year ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total
Revenue:				
Memberships	\$ 73,222	\$ -	\$ -	\$ 73,222
Contributions, Grants, Contracts	2,337,155	-	-	2,337,155
Special Events	30,228	-	-	30,228
Merchandise Sales (Net)	23,956	-	-	23,956
Lectures and Field Walks	38,367	-	-	38,367
Investment Income	(104)	15,590	11,655	27,141
Net assets released from restrictions due to satisfaction of purpose restrictions	- - 15,842	- - (15,842)	- - -	- - -
Total Revenue	2,518,666	(252)	11,655	2,530,069
Expenses:				
Program Services	1,941,365	-	-	1,941,365
General and Administrative	424,995	-	-	424,995
Fund Raising	134,415	-	-	134,415
Total Expenses	2,500,775	-	-	2,500,775
Net increase/(decrease) in net assets	17,891	(252)	11,655	29,294
Net assets at beginning of year	3,175,410	134,354	66,756	3,376,520
Net assets at end of year	\$ 3,193,301	\$ 134,102	\$ 78,411	\$ 3,405,814

See accompanying notes and independent auditor's report.

Center for Coastal Studies, Inc.

**Statement of Functional Expenses
For the year ended December 31, 2014**

	Program Services	Management & General	Fund Raising	2014 Totals
Personnel:				
Salaries and Taxes	\$ 1,097,433	\$ 309,075	\$ 57,309	\$ 1,463,817
Employee Benefits	98,186	46,710	5,307	150,203
Fees	106,223	51,849	46,846	204,918
Total Personnel Expenses	<u>1,301,842</u>	<u>407,634</u>	<u>109,462</u>	<u>1,818,938</u>
Advertising and Promotions	5,455	6,394	-	11,849
Auto Expense	4,771	-	-	4,771
Maintenance and Repairs	4,715	2,311	-	7,026
Insurance	77,170	12,416	-	89,586
Intern Housing and Stipend	10,310	-	-	10,310
Miscellaneous	24,708	5,291	12,473	42,472
Office Supplies and Photocopy	8,894	3,860	-	12,754
Postage	14,640	3,409	5,174	23,223
Outside Printing	3,952	1,369	17,255	22,576
Program Operations	373,943	-	-	373,943
Telephone	12,827	9,311	-	22,138
Travel	9,330	3,259	158	12,747
Training and Conferences	20,290	3,437	8,413	32,140
Utilities	21,919	9,490	-	31,409
Premiums	-	-	1,593	1,593
Depreciation	189,522	19,865	-	209,387
Computer Expense	20,331	2,296	3,752	26,379
Interest	5,827	17,971	-	23,798
Rent	12,184	-	-	12,184
Fees and Taxes	1,730	6,741	3,452	11,923
Gain on Sale of Fixed Asset	-	(11,583)	-	(11,583)
Total Non Personnel Expenses	<u>822,518</u>	<u>95,837</u>	<u>52,270</u>	<u>970,625</u>
	<u>\$ 2,124,360</u>	<u>\$ 503,471</u>	<u>\$ 161,732</u>	<u>\$ 2,789,563</u>

See accompanying notes and independent auditor's report.

Center for Coastal Studies, Inc.

**Statement of Functional Expenses
For the year ended December 31, 2013**

	Program Services	Management & General	Fund Raising	2013 Totals
Personnel:				
Salaries and Taxes	\$ 1,070,538	\$ 267,923	\$ 66,117	\$ 1,404,578
Employee Benefits	97,190	24,324	6,002	127,516
Fees	65,441	30,631	7,238	103,310
Total Personnel Expenses	<u>1,233,169</u>	<u>322,878</u>	<u>79,357</u>	<u>1,635,404</u>
Advertising and Promotions	75	6,739	362	7,176
Auto Expense	464	-	-	464
Maintenance and Repairs	1,317	3,498	-	4,815
Insurance	55,343	7,394	293	63,030
Intern Housing and Stipend	5,815	-	2,500	8,315
Miscellaneous	2,815	5,258	23,689	31,762
Office Supplies and Photocopy	6,725	5,663	53	12,441
Postage	9,291	5,202	10,429	24,922
Outside Printing	5,878	918	7,851	14,647
Program Operations	329,780	-	-	329,780
Telephone	15,891	5,922	-	21,813
Travel	19,494	2,980	-	22,474
Training and Conferences	11,275	674	78	12,027
Utilities	15,720	7,837	-	23,557
Premiums	-	-	3,275	3,275
Depreciation	196,713	21,857	-	218,570
Computer Expense	14,301	1,669	3,634	19,604
Interest	4,038	19,235	-	23,273
Legal Expense	-	-	843	843
Rent	12,552	-	-	12,552
Fees and Taxes	709	7,271	2,051	10,031
Total Non Personnel Expenses	<u>708,196</u>	<u>102,117</u>	<u>55,058</u>	<u>865,371</u>
	<u>\$ 1,941,365</u>	<u>\$ 424,995</u>	<u>\$ 134,415</u>	<u>\$ 2,500,775</u>

Center for Coastal Studies, Inc.

Statements of Cash Flows For the years ended December 31, 2014 and 2013

	2014	2013
<u>Cash Flows from Operating Activities</u>		
Increase in net assets	\$ 134,113	\$ 29,294
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	209,388	218,571
Realized Loss on Sale of Investments	-	111
Unrealized Gain on Investments	(11,586)	(22,728)
Gain on Sale of Boat	(11,583)	
(Increase)/decrease in:		
Inventory	(5,872)	5,482
Accounts Receivable	(90,833)	55,174
Prepaid Expenses	2,376	(6,365)
Increase/(decrease) in:		
Accounts Payable	(19,041)	(19,909)
Accrued Expenses	5,334	1,981
Net cash provided by operating activities	212,296	261,611
<u>Cash Flows from Investing Activities</u>		
Sale of Boat	17,500	
Sale of Investments	-	20,977
Purchases of Fixed Assets	(128,089)	(53,966)
Purchases of Investments	(189,294)	(75,501)
Net cash used in investing activities	(299,883)	(108,490)
<u>Cash Flows from Financing Activities</u>		
New Note Payable	100,000	
Repayment of Note Payable	(25,000)	-
Repayment of Long Term Debt	(14,549)	(13,827)
Net cash provided by/(used in) financing activities	60,451	(13,827)
Net increase (decrease) in cash and cash equivalents	(27,136)	139,294
Cash and cash equivalents, beginning of year	294,852	155,558
Cash and cash equivalents, end of year	\$ 267,716	\$ 294,852

See accompanying notes and independent auditor's report.

Center for Coastal Studies, Inc.

Notes to financial statements December 31, 2014 and 2013

Note A - Summary of Significant Accounting Policies

Organization and Nature of Activities

Center for Coastal Studies, Inc. (the Center), was formed to engage in education, research, conservation and related activities in the coastal marine environment.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services are received from unpaid volunteers assisting the Center in carrying out its exempt purpose. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

Fair Value Measurements

Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values. Those tiers include:

Center for Coastal Studies, Inc.

Notes to financial statements December 31, 2014 and 2013

Note A - Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Level 1 - Observable inputs such as quoted prices in active markets.

Level 2 - Inputs other than quoted prices in active markets that are either directly or indirectly observable for similar securities, interest rates, prepayment spreads, and credit risk.

Level 3 - Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Center's assessment of the significance of a particular input to the fair value measurement requires judgement, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Income Taxes

The Center is a tax-exempt organization subject to Section 501(c)(3) of the Internal Revenue Code. However, the Center may be required to pay income taxes on unrelated business income. For the years ended December 31, 2014 and 2013, the Center had no unrelated business income and, therefore, no income tax liability.

On July 1, 2009, the Center adopted the provisions of Financial Accounting Standards Board's, "Accounting for Uncertainty in Income Taxes." At December 31, 2014, the Center had no material unrecognized tax benefits and no adjustments to liabilities or operations were required. The Center's tax returns for the years ended December 31, 2011 through 2014 are subject to examination by the Internal Revenue Service and state taxing authorities.

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.

Center for Coastal Studies, Inc.

Notes to financial statements December 31, 2014 and 2013

Note A - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents, for purposes of the statement of cash flows, exclude permanently restricted cash and cash equivalents.

Investments

Investments are composed primarily of mutual funds investing in debt and equity securities and are carried at fair value in the statement of financial condition. Interest, dividends and realized gains and losses on sales of investments are included in the statement of activities. Unrealized gains and losses are also included in the statement of activities.

Inventory

Inventory is stated at the lower of cost or market and accounted for on the first in - first out basis and consist of clothing, books, etc.

Accounts Receivable

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. No allowance for doubtful accounts was required at December 31, 2014 and 2013.

Land, Buildings and Equipment

Land, buildings and equipment are capitalized at cost or fair value on the date donated. It is the Center's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. Buildings and equipment are depreciated using the straight line method.

Advertising

Advertising costs are expensed as incurred.

Functional Expenses

Expenses are charged directly to program services, management and general or fund raising categories based on specific identification. Indirect expenses have been allocated based on salary expenditures.

Center for Coastal Studies, Inc.

Notes to financial statements December 31, 2014 and 2013

Note B - Concentration of Credit Risk

Financial instruments which potentially expose the Center to concentration of credit risk consist primarily of cash and cash equivalents. The Center maintains its cash and cash equivalents in bank deposit accounts with two financial institutions which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with its cash and cash equivalents.

Note C - Investments

The Center's investments of \$413,393 and \$212,513 are in mutual funds and are accounted for at fair value at December 31, 2014 and 2013, respectively. All investments have been valued at Level 1 in the fair value measurement hierarchy.

Investment income for the year ended December 31, 2014 and 2013 follows:

	2014	2013
Interest & Dividends	\$ 4,372	\$ 4,524
Net Realized and Unrealized Gains on Investments	11,586	22,617
	<u>\$ 15,958</u>	<u>\$ 27,141</u>

Note D - Land, Buildings and Equipment

Land, Buildings and Equipment as of December 31, 2014 and 2013 consisted of the following:

	2014	2013
Land	\$ 751,449	\$ 751,449
Building and Improvements	2,545,084	2,545,084
Vehicles and Trailers	54,351	27,759
Boat R/V Shearwater	253,472	253,472
Boat R/V Ibis	281,560	281,560
Boat R/V Alert	-	35,000
Boat R/V SeaSprite	9,330	9,330
Boat R/V Seaway	10,000	10,000
Boat R/V Marindin	19,404	18,000
Equipment	1,137,972	1,037,879
	<u>5,062,622</u>	<u>4,969,533</u>
Accumulated Depreciation	<u>(2,351,353)</u>	<u>(2,171,048)</u>
Net Land, Buildings and Equipment	<u>\$ 2,711,269</u>	<u>\$ 2,798,485</u>

Depreciation Expense for the year ended December 31, 2014 and 2013 was \$209,388 and \$218,571, respectively.

Center for Coastal Studies, Inc.

Notes to financial statements December 31, 2014 and 2013

Note E- Dock Rights

The Center is the sole shareholder of a corporation that owns dock rights on MacMillan Wharf in Provincetown, Massachusetts. The dock rights are carried on the statement of financial position at \$250,000, the cost of acquiring the corporation's stock.

Note F - Line of Credit

The Center has a line of credit in the amount of \$175,000 with a local financial institution. The line of credit is renewable on an annual basis, must be paid in full for thirty consecutive days in a twelve month period and has an interest rate based on the Wall Street Journal Prime Rate plus one half of a percent. The line is collateralized by all of the Center's business and personal property. No amount was outstanding on this line of credit at December 31, 2014 or 2013.

Note G - Note Payable

In 2014, the Center borrowed \$100,000 from the Cape Cod Five Cents Savings Bank to purchase side scan sonar equipment. The note requires monthly payments of interest only at 3.75% with the outstanding principal due on June 23, 2016. The balance at December 31, 2014 was \$75,000.

Note H- Mortgages Payable

The Center has two mortgages with a local financial institution. One mortgage is secured by the Center's administration building located at 115 Bradford Street in Provincetown, MA and the other mortgage is secured by the Annex building located at 5 Holway Avenue in Provincetown, MA. At December 31, 2014 and 2013 the two mortgages had balances as follows:

	<u>2014</u>	<u>2013</u>
Mortgage- Seaman's Bank (115 Bradford Street) Payable in monthly installments of \$2,420 with interest of 5% per year through April, 2031	\$ 323,561	\$ 335,865
Mortgage- Seaman's Bank (5 Holway Avenue) Payable in monthly installments of \$447 with interest at 5% per year through August, 2013	<u>60,198</u>	<u>62,443</u>
Mortgages Payable	383,759	398,308
Less Current Portion	<u>(15,600)</u>	<u>(14,841)</u>
Long Term Mortgages Payable	<u>\$ 368,159</u>	<u>\$ 383,467</u>

Center for Coastal Studies, Inc.

Notes to financial statements December 31, 2014 and 2013

Note H - Mortgages Payable (continued)

	2014
Maturities of Long-Term Debt are as follows:	
2015	\$ 15,600
2016	16,398
2017	17,237
2018	18,112
2019 and thereafter	316,412
	<u>\$ 383,759</u>

Note I - Retirement Plan

The Center has established a 403 (b) retirement plan for all eligible employees. Under the terms of the plan, employees may make voluntary before tax contributions, limited to amounts specified by the Internal Revenue Code. The Center's funding policy is to contribute up to 4% of compensation to each covered employee. The percentage is to be determined by the Board of Directors annually. Contributions to the plan were \$45,224 and \$27,046 in 2014 and 2013, respectively.

Note J - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2014 and 2013 are available for the following purpose:

	2014	2013
Barbara Mayo Education Fund	\$ 40,818	\$ 38,338
Marine Vessels Fund	276,708	84,194
Operating Reserve Fund	12,388	11,570
	<u>\$ 329,914</u>	<u>\$ 134,102</u>

Note K - Subsequent Events

Management has evaluated events occurring subsequent to the year end through March 22, 2015, the date the financial statements were available to be issued. At February 18, 2015 there were no subsequent events to report.