

GROUP FOR THE EAST END, INC.

Financial Statements

for the years ended

December 31, 2020 and 2019

GROUP FOR THE EAST END, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Group for the East End, Inc.
Southold, New York 11971

We have audited the accompanying financial statements of Group for the East End, 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 Group for the East End, 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.

Sabel and Oplinger

Sabel & Oplinger, CPA, PC
Southampton, New York

August 6, 2021

GROUP FOR THE EAST END, INC.

Statements of Financial Position

| | December 31 | |
|--|--------------|--------------|
| | 2020 | 2019 |
| Assets | | |
| Current Assets | | |
| Cash in bank: | | |
| Without donor restrictions | \$ 996,276 | \$ 337,352 |
| With donor restrictions | 32,531 | 316,624 |
| Prepaid expenses | 4,837 | 1,493 |
| Total Current Assets | 1,033,644 | 655,469 |
| Property and equipment, net (Note 7) | 1,201,506 | 1,226,625 |
| Other Asset | | |
| Security deposit | 100 | 100 |
| Total Assets | \$ 2,235,250 | \$ 1,882,194 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable | \$ 3,194 | \$ 23,188 |
| Accrued expenses | 7,875 | 11,742 |
| Payroll taxes payable | 407 | 376 |
| Current portion of mortgage payable (Note 8) | 38,400 | 36,815 |
| Total Current Liabilities | 49,876 | 72,121 |
| Long Term Liability | | |
| EIDL Loan payable | 499,900 | - |
| Mortgage payable, net, less current portion (Note 8) | 272,383 | 310,696 |
| Total Long Term Liabilities | 772,283 | 310,696 |
| Net Assets | | |
| Without donor restrictions | 1,380,560 | 1,340,608 |
| With donor restrictions (Note 9) | 32,531 | 158,769 |
| Total Net Assets | 1,413,091 | 1,499,377 |
| Total Liabilities and Net Assets | \$ 2,235,250 | \$ 1,882,194 |

See Independent Auditors' Report and
Notes to Financial Statements

GROUP FOR THE EAST END, INC.

Statements of Activities

for the years ended

| | | | <u>December 31</u> | |
|---|--------------------------------------|-----------------------------------|---------------------|---------------------|
| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>2020</u> | <u>2019</u> |
| Revenues and Support | | | | |
| Contributions | \$ 337,119 | \$ - | \$ 337,119 | \$ 285,325 |
| Public educational programs | 65,275 | - | 65,275 | 106,418 |
| Grants | 35,000 | 218,739 | 253,739 | 159,013 |
| Special events, net (Note 10) | 212,642 | - | 212,642 | 442,490 |
| Rental income | 3,000 | - | 3,000 | 8,970 |
| Other Income – Government grant | 145,015 | - | 145,015 | - |
| Net assets released from restrictions | <u>344,977</u> | <u>(344,977)</u> | <u>-</u> | <u>-</u> |
| Total Revenues and Support | <u>1,143,028</u> | <u>(126,238)</u> | <u>1,016,790</u> | <u>1,002,216</u> |
| Expenses | | | | |
| Conservation advocacy, environmental education and community planning | 905,762 | - | 905,762 | 961,098 |
| Supporting Services: | | | | |
| Administrative and general | 139,742 | - | 139,742 | 142,319 |
| Fundraising | <u>57,572</u> | <u>-</u> | <u>57,572</u> | <u>102,228</u> |
| Total Expenses | <u>1,103,076</u> | <u>-</u> | <u>1,103,076</u> | <u>1,205,645</u> |
| Change in Net Assets | 39,952 | (126,238) | (86,286) | (203,429) |
| Net Assets, beginning of year | <u>1,340,608</u> | <u>158,769</u> | <u>1,499,377</u> | <u>1,702,806</u> |
| Net Assets, end of year | <u>\$ 1,380,560</u> | <u>\$ 32,531</u> | <u>\$ 1,413,091</u> | <u>\$ 1,499,377</u> |

See Independent Auditors' Report and
Notes to Financial Statements

GROUP FOR THE EAST END, INC.

Statements of Functional Expenses

for the years ended Decemebr 31,

| | <u>2020</u> | | | | <u>2019</u> | | | |
|---------------------------------------|---|-------------------------------|------------------|---------------------|---|-------------------------------|-------------------|---------------------|
| | Conservation advocacy, environmental education, and community planning | Administrative and General | Fundraising | Total | Conservation advocacy, environmental education, and community planning | Administrative and General | Fundraising | Total |
| Salaries | \$ 512,719 | \$ 79,485 | \$ 34,394 | \$ 626,598 | \$ 514,542 | \$ 78,778 | \$ 35,187 | \$ 628,507 |
| Payroll taxes | 36,771 | 5,700 | 2,467 | 44,938 | 36,444 | 5,580 | 2,492 | 44,516 |
| Employee benefits | 80,288 | 21,124 | 5,602 | 107,014 | 89,108 | 22,708 | 6,136 | 117,952 |
| Accounting | - | 18,150 | - | 18,150 | - | 20,780 | - | 20,780 |
| Advertising | 5,375 | 625 | 250 | 6,250 | - | - | - | - |
| Bank and credit card fees | - | - | 8,251 | 8,251 | - | - | 16,941 | 16,941 |
| Consultants | 38,746 | 4,505 | 1,802 | 45,053 | 33,024 | 3,840 | 1,536 | 38,400 |
| Dues and subscriptions | 614 | - | - | 614 | 1,176 | - | - | 1,176 |
| Education | 121,240 | - | - | 121,240 | 140,120 | - | - | 140,120 |
| Insurance | 13,569 | 1,578 | 631 | 15,778 | 13,330 | 1,550 | 620 | 15,500 |
| Interest expense | 12,165 | 1,415 | 565 | 14,145 | 13,405 | 1,559 | 623 | 15,587 |
| Legal | 20,675 | - | - | 20,675 | 45,482 | - | - | 45,482 |
| Office expenses | 11,062 | 1,286 | 515 | 12,863 | 11,997 | 1,395 | 558 | 13,950 |
| Payroll processing fees | 346 | 40 | 16 | 402 | 247 | 29 | 11 | 287 |
| Postage and shipping | 3,959 | 461 | 930 | 5,350 | 463 | 54 | 18,478 | 18,995 |
| Printing and publications | 3,258 | 378 | 152 | 3,788 | 730 | 85 | 17,261 | 18,076 |
| Public outreach programs | 2,027 | - | - | 2,027 | 9,758 | - | - | 9,758 |
| Reference materials | 88 | 10 | 4 | 102 | 59 | 7 | 3 | 69 |
| Repairs and maintenance | 7,452 | 867 | 347 | 8,666 | 9,314 | 1,083 | 433 | 10,830 |
| Telephone | 5,748 | 669 | 267 | 6,684 | 5,512 | 641 | 256 | 6,409 |
| Travel and conferences | 2,734 | 318 | 127 | 3,179 | 12,482 | 1,451 | 581 | 14,514 |
| Utilities | 5,324 | 619 | 248 | 6,191 | 4,943 | 575 | 230 | 5,748 |
| Total Expenses before Depreciation | <u>884,160</u> | <u>137,230</u> | <u>56,568</u> | <u>1,077,958</u> | <u>942,136</u> | <u>140,115</u> | <u>101,346</u> | <u>1,183,597</u> |
| Depreciation | <u>21,602</u> | <u>2,512</u> | <u>1,004</u> | <u>25,118</u> | <u>18,962</u> | <u>2,204</u> | <u>882</u> | <u>22,048</u> |
| Total Expenses | <u>\$ 905,762</u> | <u>\$ 139,742</u> | <u>\$ 57,572</u> | <u>\$ 1,103,076</u> | <u>\$ 961,098</u> | <u>\$ 142,319</u> | <u>\$ 102,228</u> | <u>\$ 1,205,645</u> |

See Independent Auditors' Report
and Notes to Financial Statements

GROUP FOR THE EAST END, INC.

Statements of Cash Flows

for the years ended

| | <u>December 31</u> | |
|--|---------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| <u>Cash Flows from Operating Activities:</u> | | |
| Changes in Net Assets | \$ (86,286) | \$ (203,429) |
| Adjustments to reconcile the changes in net assets to net cash (used) by operating activities: | | |
| Depreciation | 25,119 | 22,048 |
| Stock donations | (13,510) | - |
| (Increase) Decrease in: Prepaid expenses | (3,344) | 49,639 |
| Increase (Decrease) in: Accounts payable | (19,994) | 651 |
| Accrued expenses | (3,868) | (18,794) |
| Payroll tax payable | <u>32</u> | <u>77</u> |
| Net Cash (Used) by Operating Activities | <u>(101,851)</u> | <u>(149,808)</u> |
| <u>Cash Flows from Investing Activities:</u> | | |
| Investment proceeds | 13,510 | - |
| Expenditures for property and equipment, net | <u>-</u> | <u>(98,611)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>13,510</u> | <u>(98,611)</u> |
| <u>Cash Flows from Financing Activities:</u> | | |
| Debt repayment | (36,728) | (35,286) |
| Loan Proceeds | <u>499,900</u> | <u>-</u> |
| Net Cash Provided (Used) by Financing Activities | <u>463,172</u> | <u>(35,286)</u> |
| Net Increase (Decrease) in Cash | 374,831 | (283,705) |
| Cash, beginning of year | <u>653,976</u> | <u>937,681</u> |
| Cash, end of year | <u>\$ 1,028,807</u> | <u>\$ 653,976</u> |

Continued

See Independent Auditors' Report and
Notes to Financial Statements

GROUP FOR THE EAST END, INC.

Statements of Cash Flows

for the years ended

| | December 31 | |
|---------------------------------|---------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash , end of year consists of: | | |
| Without donor restrictions | \$ 996,276 | \$ 337,352 |
| With donor restrictions | <u>32,531</u> | <u>316,624</u> |
| Total Cash, end of year | <u>\$ 1,028,807</u> | <u>\$ 653,976</u> |
| Supplemental Disclosure: | | |
| Interest expense | \$ 14,145 | \$ 15,587 |
| In-kind donations | \$ 13,510 | \$ 21,797 |

See Independent Auditors' Report and
Notes to Financial Statements

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2020

Note 1 - Nature of the Organization

The Group for the East End, Inc. (the Organization) protects and restores the environment of eastern Long Island through education, citizen action, and professional advocacy. The not-for-profit organization was incorporated in 1972 as the Group for America's South Fork, Inc. The certificate of incorporation was amended in 2007 and the name changed to the Group for the East End, Inc.

Note 2 - Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 6, 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 of the Group for the East End is presented to assist in understanding the Organization's financial statements. The financial statements and notes are 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.

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2020

Note 3 - Continued

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.

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.

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 Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Cash in Bank

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash. The Organization deposits its cash and cash equivalents with what it believes to be a quality financial institution. The Organization believes no significant concentration of credit risk exists with respect to its cash and cash equivalents.

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2020

Note 3 - Continued

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.

Property, Equipment and Depreciation

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.

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.

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

- *Special events, net* – 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.

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2020

Note 3 - Continued

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 supporting services on the accompanying statements of activities and statements of functional expenses. In-kind donations are located as follows:

| | |
|---------------------------|-----------|
| Stock Donations - general | \$ 13,510 |
|---------------------------|-----------|

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 recognitions under US GAAP.

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2020

Note 4 - Availability and Liquidity

The following represents the Organization's financial assets:

| | <u>December 31</u> | |
|---|--------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| Financial assets at year-end: | | |
| Cash and cash equivalents | \$ 1,028,807 | \$ 653,976 |
| Less financial assets not available to be used within one year: | | |
| Net assets with donor restrictions | <u>(32,531)</u> | <u>(158,769)</u> |
| Financial assets available to meet the cash needs for general expenditures within one year of the date of the statements of financial position. | <u>\$ 996,276</u> | <u>\$ 495,207</u> |

The Organization maintains financial assets to meet operating expenses. As part of its liquidity plan, excess cash, if any, is reserved in its checking account.

Note 5 - Tax Exempt Status

The Organization has been classified by the Internal Revenue Service as a publicly supported tax-exempt charity pursuant to IRC Section 501 (c) (3) and as a not-for-profit corporation under the laws of New York State. 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.

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2020

Note 6 - 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> |
|-------------------------|------------------------------|
| Advertising | Percentage of time spent |
| Salaries and benefits | Percentage of time spent |
| Insurance | Percentage of square footage |
| Interest Expenses | Percentage of square footage |
| Payroll Taxes | Percentage of time spent |
| Repairs and maintenance | Percentage of time spent |
| Telephone | Percentage of square footage |
| Employee benefits | Percentage of square footage |
| Consultants | Percentage of time spent |
| Office and related | Percentage of square footage |
| Travel and conferences | Percentage of time spent |
| Depreciation | Percentage of square footage |
| Utilities | Percentage of square footage |

Note 7 - Property, Equipment and Depreciation

The expenditures for property and equipment are capitalized at cost. The following is a summary as of:

| | <u>December 31</u> | | <u>Depreciable Life-Straight Line</u> |
|--------------------------------|---------------------|---------------------|---------------------------------------|
| | <u>2020</u> | <u>2019</u> | |
| Land | \$ 652,242 | \$ 652,242 | No depreciation |
| Building and improvements | 761,956 | 761,956 | 39 Years |
| Office equipment | 74,012 | 74,012 | 5 years |
| Office furniture | 40,257 | 40,257 | 7 years |
| Website development | 20,100 | 20,100 | 3 years |
| Closing costs | 3,233 | 3,233 | 15 years |
| Less: accumulated depreciation | <u>(350,294)</u> | <u>(325,175)</u> | |
| | <u>\$ 1,201,506</u> | <u>\$ 1,226,625</u> | |

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2020

Note 8 - Mortgage

The Organization's principal offices are located in Southold, New York in a commercial building secured by a mortgage with People's United Bank. The principal and interest payments are based upon a twenty-year amortization with a maturity date of January 4, 2028. A new interest rate of 4.25% was negotiated effective November 4, 2016 until January 4, 2028. The mortgage note requires monthly principal and interest payments of \$4,239.40.

Future maturities of the long-term debt are as follows:

Years ending December 31

| | | |
|-------------------------|----|-----------------|
| 2021 | \$ | 38,400 |
| 2022 | | 40,075 |
| 2023 | | 41,812 |
| 2024 | | 43,624 |
| 2025 | | 45,515 |
| Thereafter | | <u>101,357</u> |
| Total | | <u>310,783</u> |
| Less: Current portion | | <u>(38,400)</u> |
| Total Long-Term Portion | \$ | <u>272,383</u> |

Note 9 - Net Assets

Net assets with donor restrictions are as follows:

| | December 31 | |
|---------------------------------|------------------|-------------------|
| | 2020 | 2019 |
| Specific Purpose: | | |
| Goldsmiths inlet | \$ 1,829 | \$ 1,829 |
| Coastal clean-up | 1,003 | 1,002 |
| Orient watershed | 5,000 | - |
| LICF cleanwater | 12,500 | - |
| NFWF Hallock | 12,199 | - |
| East end clean water campaign | - | 44,973 |
| Hook & town pond, EH | - | 79,200 |
| LI community | - | 20,000 |
| Sierra club – passthrough grant | - | 11,000 |
| Save Cutchogue | - | <u>765</u> |
| Total | <u>\$ 32,531</u> | <u>\$ 158,769</u> |

See Independent Auditors' Report

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2020

Note 9 - Continued

Net assets without donor restrictions are as follows at December 31,:

| | | |
|--------------|--------------|-------------|
| | <u>2020</u> | <u>2019</u> |
| Undesignated | \$ 1,380,560 | 1,340,608 |

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

| | <u>December 31</u> | |
|---------------------------------|--------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| Specific Purpose: | | |
| Clean water | \$ 44,975 | \$ 110,000 |
| Save Cutchogue | 765 | - |
| Unified osprey conservation | 43,600 | 6,925 |
| Hook & Town Pond East Hampton | 79,200 | - |
| LI community | 20,000 | - |
| Sierra club – passthrough grant | 11,000 | 11,000 |
| Cleanwater – SCW grant | 12,209 | - |
| LICF cleanwater | 12,500 | - |
| Be a good egg | 10,000 | - |
| Peconic estuary | 1,000 | - |
| NFWF hallock | 9,395 | - |
| Unified water study | 7,500 | 11,800 |
| NYS great pond | 92,833 | - |
| Communication costs | - | 27,616 |
| Education | - | 2,000 |
| Total | <u>\$ 344,977</u> | <u>\$ 169,341</u> |

Note 10 - Special Events, Net

Revenue attributable to special events represent total proceeds less expenses and are summarized as follows:

| | <u>December 31</u> | |
|---------------|--------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| Proceeds | \$ 217,642 | \$ 576,491 |
| Expenses | (5,000) | (134,001) |
| Revenues, net | <u>\$ 212,642</u> | <u>\$ 442,490</u> |

Note 11 - Principal Source of Support

The Board contributed \$107,470 or 16% of gross revenue in 2020 and \$180,069 or 16% of gross revenue in 2019.

See Independent Auditors' Report

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2020

Note 12 - SBA Loans Payable and Grants

The Organization received a \$137,015 refundable PPP grant under the Cares Act during the year ended December 31, 2020. As a result, the Organization has recorded the amount received as a refundable advance in accordance with FASB ASC 958-605. The full amount has been expended as of December 31, 2020 and the entire amount is included in *Other Income – Government grant – PPP* on the Statement of Activities.

The Organization received a \$8,000 Economic Injury Disaster grant from the SBA in May 2020 and has been fully expended.

The Organization received a \$500,000 loan, less \$100 administrative fee withheld, from the SBA in May 2020. The loan is a thirty-year loan with a one-year deferral period and an interest rate of 2.75 percent with monthly payments of \$2,136. Future principal payments are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|-------------------|
| 2021 | \$ 7,437 |
| 2022 | 11,423 |
| 2023 | 11,754 |
| 2024 | 12,094 |
| 2025 | 12,444 |
| Thereafter | 444,748 |
| Total | <u>\$ 499,900</u> |

Note 13 - Subsequent Events

As a result of the current COVID-19 pandemic, economic uncertainties have arisen which are likely to negatively impact operating revenue, fundraising, and contributions. Other financial impacts could occur though such potential impacts are unknown at this time. 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 12 for recognition details) and believes it has adequate funds to cover any potential future losses due to the pandemic.

In February 2021, the Organization received a second round of PPP funds in the amount of \$131,770.

Sabel & Oplinger, CPA, PC

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To the Board of Directors
Group for the East End, Inc.
Southold, New York 11971

In planning and performing our audit of the financial statements of Group for the East End, 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 Group for the East End, 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

August 6, 2021