

GROUP FOR THE EAST END, INC.

Financial Statements

for the years ended

December 31, 2011 and 2010

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 statements of financial position of the Group for the East End, Inc. (a non profit organization) as of December 31, 2011 and 2010 and the related statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Group for the East End, Inc. as of December 31, 2011 and 2010 and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


Sabel & Oplinger, CPA, PC

May 11, 2012

GROUP FOR THE EAST END, INC.

Statements of Financial Position

	December 31	
	<u>2011</u>	<u>2010</u>
Assets		
Current Assets		
Cash in bank	\$ 743,361	\$ 767,722
Prepaid expenses	<u>6,666</u>	<u>5,057</u>
Total Current Assets	<u>750,027</u>	<u>772,779</u>
Property and equipment, net (Note 6)	<u>1,289,019</u>	<u>1,317,549</u>
Other asset		
Security deposit	<u>2,336</u>	<u>2,336</u>
Total Assets	<u>\$ 2,041,382</u>	<u>\$ 2,092,664</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 2,167	\$ 6,346
Accrued expenses	12,320	11,776
Payroll liabilities	115	2,621
Current portion of mortgage payable	<u>19,355</u>	<u>18,014</u>
Total Current Liabilities	<u>33,957</u>	<u>38,757</u>
Long Term Liability		
Mortgage payable, less current portion (Note 9)	<u>540,581</u>	<u>559,997</u>
Net Assets		
Temporarily restricted (Note 10)	4,760	3,735
Unrestricted	<u>1,462,084</u>	<u>1,490,175</u>
Total Net Assets	<u>1,466,844</u>	<u>1,493,910</u>
Total Liabilities and Net Assets	<u>\$ 2,041,382</u>	<u>\$ 2,092,664</u>

See Independent Auditors' Report and
Notes to Financial Statements

GROUP FOR THE EAST END, INC.

Statements of Activities and Changes in Net Assets

for the years ended

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>December 31</u>	
			<u>2011</u>	<u>2010</u>
Revenues and Support				
Contributions	\$ 683,611	\$ -	\$ 683,611	\$ 576,320
Public educational programs	71,011	73,149	144,160	151,582
Grants	64,337	140,092	204,429	126,140
Special events, net (Note 11)	456,221	-	456,221	326,662
Interest and dividends	<u>330</u>	<u>-</u>	<u>330</u>	<u>566</u>
Total Revenues and Support	<u>1,275,510</u>	<u>213,241</u>	<u>1,488,751</u>	<u>1,181,270</u>
Expenses				
Conservation advocacy, environmental education and community planning	985,402	212,216	1,197,618	1,130,540
Supporting Services:				
Administrative and general	198,048	-	198,048	146,245
Fundraising	<u>120,151</u>	<u>-</u>	<u>120,151</u>	<u>141,006</u>
Total Expenses	<u>1,303,601</u>	<u>212,216</u>	<u>1,515,817</u>	<u>1,417,791</u>
Changes in Net Assets	(28,091)	1,025	(27,066)	(236,521)
Net Assets, beginning of year	<u>1,490,175</u>	<u>3,735</u>	<u>1,493,910</u>	<u>1,730,431</u>
Net Assets, end of year	<u>\$ 1,462,084</u>	<u>\$ 4,760</u>	<u>\$ 1,466,844</u>	<u>\$ 1,493,910</u>

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	
	2011	2010
<u>Cash Flows from Operating Activities:</u>		
Changes in Net Assets	\$ (27,066)	\$ (236,521)
Adjustments to reconcile the changes in net assets to net cash (used) by operating activities:		
Depreciation	32,770	32,549
(Increase) Decrease in:		
Prepaid expenses	(1,609)	17,833
Other receivable	-	2,833
Increase (Decrease) in:		
Accounts payable	(4,179)	6,346
Accrued expenses	544	(259)
Payroll liability	(2,506)	1,483
Net Cash (Used) by Operating Activities	<u>(2,046)</u>	<u>(175,736)</u>
<u>Cash Flows from Investing Activities:</u>		
Expenditures for property and equipment, net	<u>(4,240)</u>	<u>(6,300)</u>
Net Cash (Used) by Investing Activities	<u>(4,240)</u>	<u>(6,300)</u>
<u>Cash Flows from Financing Activities:</u>		
Debt reduction	<u>(18,075)</u>	<u>(16,820)</u>
Net Cash (Used) by Financing Activities	<u>(18,075)</u>	<u>(16,820)</u>
Net (Decrease) in Cash	(24,361)	(198,856)
Cash, beginning of year	<u>767,722</u>	<u>966,578</u>
Cash, end of year	<u>\$ 743,361</u>	<u>\$ 767,722</u>
Supplemental Disclosure:		
Interest expense	<u>\$ 40,986</u>	<u>\$ 42,231</u>

See Independent Auditors' Report and
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GROUP FOR THE EAST END, INC.

Statements of Functional Expenses

for the years ended

	Conservation advocacy, environmental education, and community planning	Administrative and General	Fundraising	December 31	
				2011	2010
Salaries	\$ 669,432	\$ 125,118	\$ 70,953	865,503	\$ 797,659
Payroll taxes	49,763	9,301	5,274	64,338	60,019
Employee benefits	102,941	23,729	13,623	140,293	117,086
Accounting	-	17,630	-	17,630	17,550
Advertising	5,819	677	271	6,767	12,982
Bank and credit card fees	-	-	14,938	14,938	11,104
Conferences	19,105	2,222	889	22,216	23,352
Consultants	-	-	-	-	9,500
Dues and subscriptions	5,509	-	-	5,509	7,449
Education	130,915	-	-	130,915	94,317
Insurance	16,845	1,959	783	19,587	18,249
Interest expense	35,248	4,099	1,639	40,986	42,231
Legal	27,975	-	-	27,975	49,970
Office expenses	25,813	3,001	1,201	30,015	29,226
Payroll processing fees	4,081	475	190	4,746	4,693
Postage and shipping	6,240	726	6,745	13,711	8,999
Printing and publications	19,130	2,224	890	22,244	31,863
Public outreach programs	19,569	-	-	19,569	8,883
Reference materials	2,139	248	99	2,486	2,242
Rent	11,352	1,320	528	13,200	12,000
Repairs and maintenance	3,718	432	173	4,323	10,126
Telephone	9,752	1,134	454	11,340	10,296
Utilities	4,090	476	190	4,756	5,447
Total Expenses before Depreciation	1,169,436	194,771	118,840	1,483,047	1,385,243
Depreciation	28,182	3,277	1,311	32,770	32,549
Total Expenses	\$ 1,197,618	\$ 198,048	\$ 120,151	\$ 1,515,817	\$ 1,417,792

See Independent Auditors' Report
and Notes to Financial Statements

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2011

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 May 11, 2012 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 are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets. For the year ended December 31, 2011, the Organization had both temporarily restricted and unrestricted net assets.

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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.

Cash in Bank

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

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2011

Note 3 - Continued

Contributed Services

A substantial number of volunteers have donated significant amounts of their time in the Organization's program and support services including its fundraising campaigns. The value of this contributed time is not reported in these financial statements, as it does not meet the criteria for recognition under SFAS No. 116.

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.

Summarized Financial Information for 2010

The financial statements include prior year summarized comparative information in total but not by net asset class in the Statement of Activities and Functional Expenses. 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, 2010, from which the summarized information was derived.

Note 4 - 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, 2011, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year 2008 and forward are subject to the usual review by the appropriate taxing authorities.

Note 5 - Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2011

Note 6 - 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>2011</u>	<u>2010</u>
Land	\$ 652,242	\$ 652,242
Building and improvements	665,024	665,024
Office equipment	43,555	39,315
Office furniture	40,257	40,257
Website development	20,100	20,100
Closing costs	3,233	3,233
Less: Accumulated depreciation	<u>(135,392)</u>	<u>(102,622)</u>
	<u>\$ 1,289,019</u>	<u>\$ 1,317,549</u>

Note 7 - Pension Plan

The Organization provides a 403(b) pension plan for all qualified employees. The employees may contribute to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization does not match the contributions made by the employees.

Note 8 - Lease Commitment

The Organization entered into a lease for office space in Bridgehampton, New York on December 28, 2008 for a two year term beginning January 1, 2009. The lease has an option to renew for an additional two years which the Organization did renew. The future minimum rental obligation is as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 13,800

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2011

Note 9 - Mortgage

The Organization's principal offices are located in Southold, New York in a commercial building secured by a mortgage with Suffolk County National Bank. The principal and interest payments are based upon a twenty-year amortization with a maturity date of January 4, 2028. The interest rate is fixed at 7.2% until January 4, 2018 when the rate adjusts to the ten year federal home loan bank rate plus 250 basis points. The mortgage note requires monthly principal and interest payments of \$4,920.93.

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

Years ending December 31

2012	\$	19,355
2013		20,796
2014		22,343
2015		24,006
2016		25,793
Thereafter		<u>447,643</u>
Total	\$	<u>559,936</u>

Note 10 - Temporarily Restricted Net Assets

These restricted grant assets are available for the program services at December 31, 2011.

Note 11 - Special Events, Net

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

	December 31	
	<u>2011</u>	<u>2010</u>
Proceeds	\$ 690,963	\$ 638,752
Expenses	<u>(234,742)</u>	<u>(312,090)</u>
Revenues, net	<u>\$ 456,221</u>	<u>\$ 326,662</u>

See Independent Auditors' Report