

GROUP FOR THE EAST END, INC.

Financial Statements

for the years ended

December 31, 2012 and 2011

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, 2012 and 2011, 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**

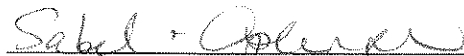
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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, 2012 and 2011, 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.

  
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Sabel & Oplinger, CPA, PC  
Southampton, New York

May 9, 2013

GROUP FOR THE EAST END, INC.

Statements of Financial Position

	December 31	
	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash in bank	\$ 318,446	\$ 738,601
Restricted cash in bank	58,955	4,760
Prepaid expenses	6,238	6,666
Total Current Assets	<u>383,639</u>	<u>750,027</u>
Property and equipment, net (Note 6)	<u>1,264,327</u>	<u>1,289,019</u>
Other asset		
Security deposit	<u>2,336</u>	<u>2,336</u>
Total Assets	<u>\$ 1,650,302</u>	<u>\$ 2,041,382</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,362	\$ 2,167
Accrued expenses	9,074	12,320
Payroll liabilities	-	115
Current portion of mortgage payable	<u>20,796</u>	<u>19,355</u>
Total Current Liabilities	<u>31,232</u>	<u>33,957</u>
Long Term Liability		
Mortgage payable, less current portion (Note 8)	<u>519,716</u>	<u>540,581</u>
Net Assets		
Temporarily restricted (Note 9)	58,955	4,760
Unrestricted	<u>1,040,399</u>	<u>1,462,084</u>
Total Net Assets	<u>1,099,354</u>	<u>1,466,844</u>
Total Liabilities and Net Assets	<u>\$ 1,650,302</u>	<u>\$ 2,041,382</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>2012</u>	<u>2011</u>
Revenues and Support				
Contributions	\$ 432,434	\$ -	\$ 432,434	\$ 683,611
Public educational programs	147,840	-	147,840	144,160
Grants	85,000	84,534	169,534	204,429
Special events, net (Note 10)	388,338	-	388,338	456,221
Interest and dividends	284	-	284	330
Net assets released from restrictions	<u>30,339</u>	<u>(30,339)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	<u>1,084,235</u>	<u>54,195</u>	<u>1,138,430</u>	<u>1,488,751</u>
Expenses				
Conservation advocacy, environmental education and community planning	1,201,344	-	1,201,344	1,197,618
Supporting Services:				
Administrative and general	203,535	-	203,535	198,048
Fundraising	<u>101,041</u>	<u>-</u>	<u>101,041</u>	<u>120,151</u>
Total Expenses	<u>1,505,920</u>	<u>-</u>	<u>1,505,920</u>	<u>1,515,817</u>
Changes in Net Assets	(421,685)	54,195	(367,490)	(27,066)
Net Assets, beginning of year	<u>1,462,084</u>	<u>4,760</u>	<u>1,466,844</u>	<u>1,493,910</u>
Net Assets, end of year	<u>\$ 1,040,399</u>	<u>\$ 58,955</u>	<u>\$ 1,099,354</u>	<u>\$ 1,466,844</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	
	<u>2012</u>	<u>2011</u>
<u>Cash Flows from Operating Activities:</u>		
Changes in Net Assets	\$ (367,490)	\$ (27,066)
Adjustments to reconcile the changes in net assets to net cash (used) by operating activities:		
Depreciation	31,635	32,770
(Increase) Decrease in: Prepaid expenses	428	(1,609)
Increase (Decrease) in:		
Accounts payable	(805)	(4,179)
Accrued expenses	(3,246)	544
Payroll liability	<u>(115)</u>	<u>(2,506)</u>
Net Cash (Used) by Operating Activities	<u>(339,593)</u>	<u>(2,046)</u>
<u>Cash Flows from Investing Activities:</u>		
Expenditures for property and equipment, net	<u>(6,943)</u>	<u>(4,240)</u>
Net Cash (Used) by Investing Activities	<u>(6,943)</u>	<u>(4,240)</u>
<u>Cash Flows from Financing Activities:</u>		
Debt reduction	<u>(19,424)</u>	<u>(18,075)</u>
Net Cash (Used) by Financing Activities	<u>(19,424)</u>	<u>(18,075)</u>
Net (Decrease) in Cash	(365,960)	(24,361)
Cash, beginning of year	<u>743,361</u>	<u>767,722</u>
Cash, end of year	<u>\$ 377,401</u>	<u>\$ 743,361</u>
Supplemental Disclosure:		
Interest expense	<u>\$ 39,627</u>	<u>\$ 40,986</u>

See Independent Auditors' Report and  
Notes to Financial Statements

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	
				2012	2011
Salaries	\$ 667,373	\$ 131,329	\$ 60,219	858,921	\$ 865,503
Payroll taxes	49,372	9,716	4,455	63,543	64,338
Employee benefits	93,430	23,348	9,323	126,101	140,293
Accounting	-	17,715	-	17,715	17,630
Advertising	1,985	231	92	2,308	6,767
Bank and credit card fees	249	29	10,565	10,843	14,938
Conferences	15,461	1,798	719	17,978	22,216
Consultants	520	61	24	605	-
Dues and subscriptions	12,244	-	-	12,244	5,509
Education	179,387	-	-	179,387	130,915
Insurance	17,405	2,024	810	20,239	19,587
Interest expense	34,079	3,963	1,585	39,627	40,986
Legal	-	-	-	-	27,975
Office expenses	26,991	3,138	1,255	31,384	30,015
Payroll processing fees	4,205	489	196	4,890	4,746
Postage and shipping	5,667	659	5,097	11,423	13,711
Printing and publications	19,848	2,308	4,011	26,167	22,244
Public outreach programs	15,278	-	-	15,278	19,569
Reference materials	1,087	125	51	1,263	2,486
Rent	9,804	1,140	456	11,400	13,200
Repairs and maintenance	4,236	493	197	4,926	4,323
Telephone	11,401	1,326	530	13,257	11,340
Utilities	4,116	479	191	4,786	4,756
Total Expenses before Depreciation	1,174,138	200,371	99,776	1,474,285	1,483,047
Depreciation	27,206	3,164	1,265	31,635	32,770
Total Expenses	\$ 1,201,344	\$ 203,535	\$ 101,041	\$ 1,505,920	\$ 1,515,817

See Independent Auditors' Report  
and Notes to Financial Statements



# GROUP FOR THE EAST END, INC.

## Notes to Financial Statements

December 31, 2012

### 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 9, 2013 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 years ended December 31, 2012 and 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.

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2012

Note 3 - Continued

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.

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.

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 2011

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, 2011, 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, 2012, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year 2009 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, 2012

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.

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>2012</u>	<u>2011</u>
Land	\$ 652,242	\$ 652,242
Building and improvements	665,024	665,024
Office equipment	50,498	43,555
Office furniture	40,257	40,257
Website development	20,100	20,100
Closing costs	3,233	3,233
Less: Accumulated depreciation	<u>(167,027)</u>	<u>(135,392)</u>
	<u>\$ 1,264,327</u>	<u>\$ 1,289,019</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 - 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.

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2012

Note 8 - Continued

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

Years ending December 31

2013	\$	20,796
2014		22,343
2015		24,006
2016		25,793
2017		27,712
Thereafter		<u>419,862</u>
Total	\$	<u>540,512</u>

Note 9 - Temporarily Restricted Net Assets

The temporarily restricted net assets at December 31, 2012 consists of program services which comprise of the following:

Orient Point Pipeline	\$	2,200
Community Catalyst		3,100
East End Clean Water Campaign		<u>53,655</u>
Total	\$	<u>58,955</u>

Note 10 - 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>2012</u>	<u>2011</u>
Proceeds	\$ 585,371	\$ 690,963
Expenses	<u>(197,033)</u>	<u>(234,742)</u>
Revenues, net	<u>\$ 388,338</u>	<u>\$ 456,221</u>

See Independent Auditors' Report