

GROUP FOR THE EAST END, INC.

Financial Statements

for the years ended

December 31, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014, 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 & Oplinger

Sabel & Oplinger, CPA, PC
Southampton, New York

May 12, 2016

GROUP FOR THE EAST END, INC.

Statements of Financial Position

	December 31	
	2015	2014
Assets		
Current Assets		
Cash in bank	\$ 635,619	\$ 180,879
Restricted cash in bank (Note 9)	111,628	78,672
Other receivables	4,750	5,024
Prepaid expenses	3,835	559
Total Current Assets	<u>755,832</u>	<u>265,134</u>
Property and equipment, net (Note 6)	<u>1,189,807</u>	<u>1,209,853</u>
Other asset		
Security deposit	<u>100</u>	<u>100</u>
Total Assets	<u>\$ 1,945,739</u>	<u>\$ 1,475,087</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 6,880	\$ -
Accrued expenses	6,460	17,252
Pension plan payable	-	1,875
Current portion of mortgage payable (Note 8)	<u>25,793</u>	<u>24,006</u>
Total Current Liabilities	<u>39,133</u>	<u>43,133</u>
Long Term Liability		
Mortgage payable, less current portion (Note 8)	<u>447,303</u>	<u>473,197</u>
Net Assets		
Temporarily restricted (Note 9)	111,628	78,672
Unrestricted	<u>1,347,675</u>	<u>880,085</u>
Total Net Assets	<u>1,459,303</u>	<u>958,757</u>
Total Liabilities and Net Assets	<u>\$ 1,945,739</u>	<u>\$ 1,475,087</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>2015</u>	<u>2014</u>
Revenues and Support				
Contributions	\$ 276,572	\$ -	\$ 276,572	\$ 278,814
Bequests	561,444	-	561,444	-
Public educational programs	126,880	-	126,880	172,129
Grants	45,000	161,800	206,800	152,103
Special events, net (Note 10)	347,249	-	347,249	373,600
Interest and dividends	125	-	125	136
Rental income	3,395	-	3,395	-
Net assets released from restrictions	<u>128,844</u>	<u>(128,844)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	<u>1,489,509</u>	<u>32,956</u>	<u>1,522,465</u>	<u>976,782</u>
Expenses				
Conservation advocacy, environmental education and community planning	813,761	-	813,761	871,566
Supporting Services:				
Administrative and general	139,953	-	139,953	138,304
Fundraising	<u>68,205</u>	<u>-</u>	<u>68,205</u>	<u>75,003</u>
Total Expenses	<u>1,021,919</u>	<u>-</u>	<u>1,021,919</u>	<u>1,084,873</u>
Changes in Net Assets	467,590	32,956	500,546	(108,091)
Net Assets, beginning of year	<u>880,085</u>	<u>78,672</u>	<u>958,757</u>	<u>1,066,848</u>
Net Assets, end of year	<u>\$ 1,347,675</u>	<u>\$ 111,628</u>	<u>\$ 1,459,303</u>	<u>\$ 958,757</u>

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GROUP FOR THE EAST END, INC.

Statements of Cash Flows

for the years ended

December 31

	<u>2015</u>	<u>2014</u>
<u>Cash Flows from Operating Activities:</u>		
Changes in Net Assets	\$ 500,546	\$ (108,091)
Adjustments to reconcile the changes in net assets to net cash provided (used) by operating activities:		
Depreciation	21,829	25,557
(Increase) Decrease in:		
Other receivables	274	21,795
Prepaid expenses	(3,276)	(34)
Increase (Decrease) in:		
Accounts payable	6,880	(1,484)
Accrued expenses	(10,792)	1,139
Pension plan payable	<u>(1,875)</u>	<u>1,875</u>
Net Cash Provided (Used) by Operating Activities	<u>513,586</u>	<u>(59,243)</u>
<u>Cash Flows from Investing Activities:</u>		
Expenditures for property and equipment, net	<u>(1,783)</u>	<u>-</u>
Net Cash (Used) by Investing Activities	<u>(1,783)</u>	<u>-</u>
<u>Cash Flows from Financing Activities:</u>		
Debt reduction	<u>(24,107)</u>	<u>(22,434)</u>
Net Cash (Used) by Financing Activities	<u>(24,107)</u>	<u>(22,434)</u>
Net Increase (Decrease) in Cash	487,696	(81,677)
Cash, beginning of year	<u>259,551</u>	<u>341,228</u>
Cash, end of year	<u>\$ 747,247</u>	<u>\$ 259,551</u>
Supplemental Disclosure:		
Interest expense	\$ 34,942	\$ 36,618

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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	
				2015	2014
Salaries	\$ 517,601	\$ 85,885	\$ 40,239	643,725	\$ 642,299
Payroll taxes	35,304	5,858	2,745	43,907	49,687
Employee benefits	74,562	18,946	3,831	97,339	108,746
Accounting	-	15,156	-	15,156	12,795
Advertising	1,676	195	78	1,949	-
Bank and credit card fees	60	7	12,102	12,169	15,407
Conferences	12,953	1,506	602	15,061	19,846
Consultants	4,078	474	190	4,742	30,435
Dues and subscriptions	1,045	-	-	1,045	5,857
Education	55,909	-	-	55,909	46,416
Insurance	12,867	1,496	598	14,961	15,196
Interest expense	30,050	3,494	1,398	34,942	36,618
Office expenses	12,233	1,422	569	14,224	16,118
Payroll processing fees	3,401	395	158	3,954	3,629
Postage and shipping	3,335	388	3,802	7,525	5,741
Printing and publications	7,414	862	345	8,621	18,384
Public outreach programs	8,000	-	-	8,000	13,246
Reference materials	-	-	-	-	260
Repairs and maintenance	3,713	432	173	4,318	4,272
Telephone	5,800	674	270	6,744	8,953
Utilities	4,987	580	232	5,799	5,411
Total Expenses before Depreciation	794,988	137,770	67,332	1,000,090	1,059,316
Depreciation	18,773	2,183	873	21,829	25,557
Total Expenses	\$ 813,761	\$ 139,953	\$ 68,205	\$ 1,021,919	\$ 1,084,873

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and Notes to Financial Statements

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2015

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 12, 2016 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, 2015 and 2014, 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.

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GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2015

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.

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.

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. The balances have exceeded the federally insured limit at times during the year.

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 2014

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, 2014, from which the summarized information was derived.

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GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2015

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, 2015, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year 2012 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.

Note 6 - Property, Equipment and Depreciation

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

	December 31	
	2015	2014
Land	\$ 652,242	\$ 652,242
Building and improvements	665,024	665,024
Office equipment	52,281	50,498
Office furniture	40,257	40,257
Website development	20,100	20,100
Closing costs	3,233	3,233
Less: Accumulated depreciation	(243,330)	(221,501)
	<u>\$ 1,189,807</u>	<u>\$ 1,209,853</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.

GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2015

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.

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

Years ending December 31	
2016	\$ 25,793
2017	27,712
2018	29,775
2019	31,991
2020	34,372
Thereafter	<u>323,453</u>
Total	<u>\$ 473,096</u>
Less: Current portion	<u>(25,793)</u>
Total Long Term Portion	<u>\$ 447,303</u>

Note 9 - Temporarily Restricted Net Assets

The temporarily restricted net assets at December 31, 2015 consist of program services which comprise of the following:

East End Clean Water Campaign	\$ 65,796
Unified Osprey Conservation	2,925
Save Cutchogue Fund	2,707
Hook & Town Pond	40,000
Accabonac Protection Committee	<u>200</u>
Total	<u>\$ 111,628</u>

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GROUP FOR THE EAST END, INC.

Notes to Financial Statements

December 31, 2015

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>2015</u>	<u>2014</u>
Proceeds	\$ 553,915	\$ 573,515
Expenses	<u>(206,666)</u>	<u>(199,915)</u>
Revenues, net	<u>\$ 347,249</u>	<u>\$ 373,600</u>

