

PIERS PARK SAILING CENTER, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2022 AND 2021

C O N T E N T S

	<u>Page</u>
Accountants' report.....	3 - 4
Financial statements:	
Statements of financial position.....	5
Statements of activities	6 - 7
Statements of functional expenses.....	8 - 9
Statements of cash flows	10 -11
Notes to financial statements	12 - 20

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Piers Park Sailing Center Inc.
East Boston, Massachusetts

Opinion

We have audited the accompanying financial statements of Piers Park Sailing Center, Inc. (a non-profit organization), which comprise the statements of financial position as of October 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presently fairly, in all material respects, the financial position of Piers Park Sailing Center, Inc., as of October 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibility under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Piers Park Sailing Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of the internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Piers Park Sailing Center, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 Piers Park Sailing Center, Inc.'s internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Piers Park Sailing Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit finding and certain internal control related matters that are identified during the audit.

Greene, Rubin, Miller, Pacino

Boston, Massachusetts
January 21, 2023

PIERS PARK SAILING CENTER, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	October 31,	
	2022	2021
CURRENT ASSETS:		
Cash and cash equivalents	\$811,155	\$647,950
Marketable securities at fair market value	-	2
Accounts and pledges receivable	-	-
TOTAL CURRENT ASSETS	811,155	647,952
PROPERTY AND EQUIPMENT		
Property and equipment at fair market value		
Sailboats, trailers and motors	183,956	195,956
Less accumulated depreciation	160,568	157,400
	23,388	38,556
Property and equipment at cost		
Boats, accessories and parts	143,110	130,110
Office and computer equipment	20,254	19,379
Outdoor equipment	59,047	42,106
	222,411	191,595
Less accumulated depreciation	145,979	155,900
	76,432	35,695
TOTAL PROPERTY AND EQUIPMENT	99,820	74,251
TOTAL ASSETS	\$910,975	\$722,203

The accompanying notes are an integral part of the financial statements.

LIABILITIES AND NET ASSETS

	October 31,	
	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES:		
Accounts payable	\$ -	\$ -
Bank line of credit	-	-
SBA Payroll Protection Plan loan	-	-
Accrued payroll and taxes withheld	12,781	11,130
Other accrued expenses	<u>7,200</u>	<u>7,000</u>
TOTAL LIABILITIES	<u>19,981</u>	<u>18,130</u>
NET ASSETS:		
Without donor restrictions:		
Available for general use	890,994	704,073
With donor restrictions	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>890,994</u>	<u>704,073</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$910,975</u>	<u>\$722,203</u>

PIERS PARK SAILING CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, SUPPORT AND GAINS:			
Sailing, training and safety program			
Membership	\$ 80,209	\$ -	\$ 80,209
Participant fees	<u>224,159</u>	<u>-</u>	<u>224,159</u>
	<u>304,368</u>	<u>-</u>	<u>304,368</u>
Rental use and sales of boats and equipment	31,984	-	31,984
Gain (loss) on sale of boats and equipment	14,459	-	14,459
Fundraising events and sales	1,636	-	1,636
Other sales	<u>1,072</u>	<u>-</u>	<u>1,072</u>
	<u>49,151</u>	<u>-</u>	<u>49,151</u>
Grants and contribution support			
Corporate and individual public support	689,226	-	689,226
Massport support	66,121	-	66,121
In-kind donations	21,000	-	21,000
Release from with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>
	<u>776,347</u>	<u>-</u>	<u>776,347</u>
Total Revenue and Support	<u>1,129,866</u>	<u>-</u>	<u>1,129,866</u>
Investment Income			
Interest and dividends	1,173	-	1,173
Unrealized gain (loss) on marketable securities	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,173</u>	<u>-</u>	<u>1,173</u>
Total Revenues, Support and Gains	<u>1,131,039</u>	<u>-</u>	<u>1,131,039</u>
OPERATING EXPENSES:			
Program services	821,206	-	821,206
General and administrative	71,145	-	71,145
Fundraising expense	<u>51,767</u>	<u>-</u>	<u>51,767</u>
Total Operating Expenses	<u>944,118</u>	<u>-</u>	<u>944,118</u>
CHANGE IN NET ASSETS	186,921	-	186,921
Net Assets:			
Beginning of year	<u>704,073</u>	<u>-</u>	<u>704,073</u>
End of year	<u>\$ 890,994</u>	<u>\$ -</u>	<u>\$ 890,994</u>

The accompanying notes are an integral part of the financial statements.

PIERS PARK SAILING CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2021

	<u>Without Donor Retrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, SUPPORT AND GAINS:			
Sailing, training and safety program	\$ 74,697	\$ -	\$ 74,697
Membership	<u>179,059</u>	<u>-</u>	<u>179,059</u>
Participant fees	<u>253,756</u>	<u>-</u>	<u>253,756</u>
Rental use and sales of boats and equipment	34,688	-	34,688
Fundraising events and sales	247	-	247
Other sales	<u>1,381</u>	<u>-</u>	<u>1,381</u>
	<u>36,316</u>	<u>-</u>	<u>36,316</u>
Grants and contribution support			
Corporate and individual public support	652,383	-	652,383
Massport support	66,121	-	66,121
Payroll Protection Plan loan forgiveness	146,600	-	146,600
In-kind donations	8,910	-	8,910
Release from temporary restrictions	<u>-</u>	<u>-</u>	<u>-</u>
	<u>874,014</u>	<u>-</u>	<u>874,014</u>
Total Revenue and Support	<u>1,164,086</u>	<u>-</u>	<u>1,164,086</u>
Investment Income			
Interest and dividends	761	-	761
Gain (loss) on marketable securities	<u>590</u>	<u>-</u>	<u>590</u>
	<u>1,351</u>	<u>-</u>	<u>1,351</u>
Total Revenues, Support and Gains	<u>1,165,437</u>	<u>-</u>	<u>1,165,437</u>
OPERATING EXPENSES:			
Program services	756,977	-	756,977
General and administrative	64,704	-	64,704
Fundraising expense	<u>65,626</u>	<u>-</u>	<u>65,626</u>
Total Operating Expenses	<u>887,307</u>	<u>-</u>	<u>887,307</u>
CHANGE IN NET ASSETS	278,130	-	278,130
Net Assets:			
Beginning of year	<u>425,943</u>	<u>-</u>	<u>425,943</u>
End of year	<u>\$ 704,073</u>	<u>\$ -</u>	<u>\$ 704,073</u>

The accompanying notes are an integral part of the financial statements.

PIERS PARK SAILING CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED OCTOBER 31,

	Without Donor Restrictions	
	<u>2022</u>	<u>2021</u>
SAILING PROGRAM EXPENSE:		
Salaries and wages	\$500,676	\$462,724
Payroll taxes	41,041	42,216
Employee health and welfare	19,894	7,487
Retirement contributions	3,994	-
Depreciation – fleet and equipment	25,446	22,886
Education supplies	14,421	15,919
Fleet and equipment upkeep	60,947	20,896
Fleet registrations and taxes	203	270
Marine supplies and fuel	55,513	70,623
Insurance	27,362	32,498
In-kind expense	-	8,910
Marketing and promotion	481	52
Fleet supplies and expense	-	7,353
Design and production services	9,101	3,016
Technology and communications	110	110
Occupancy dock and fleet storage	<u>62,017</u>	<u>62,017</u>
Total program expense	<u>821,206</u>	<u>756,977</u>
GENERAL AND ADMINISTRATIVE EXPENSE:		
Salaries and wages	32,493	24,205
Payroll taxes	2,664	2,208
Retirement contributions	894	-
Accounting, bookkeeping and payroll service	10,850	9,055
Bank fees	37	-
Charitable gifts	930	419
Depreciation – furnishings and office equipment	800	800
Memberships and subscriptions	2,074	1,664
Insurance	236	299
Occupancy – office space	4,104	4,104
Office supplies and expense	8,480	12,681
Postage and delivery	395	391
Printing and reproduction	895	1,670
Support services	649	468
Telecommunications	3,313	4,123
Travel	1,594	2,134
State filing fees	<u>737</u>	<u>483</u>
Total general and administrative expense	<u>\$ 71,145</u>	<u>\$ 64,704</u>

The accompanying notes are an integral part of the financial statements.

PIERS PARK SAILING CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
(CONTINUED)
YEAR ENDED OCTOBER 31,

	Without Donor Restrictions	
	2022	2021
FUNDRAISING EXPENSE:		
Salaries and wages	16,249	35,903
Payroll taxes	1,332	3,276
Retirement contributions	447	-
Insurance	1,270	1,610
Special events and exhibitions	20,010	10,805
Marketing and promotion	5,322	1,255
Development and outreach	6,065	11,641
Grant writing and support services	175	175
Travel, meetings and meals	897	961
Total fundraising expense	51,767	65,626
Total operating expenses	\$944,118	\$887,307

PIERS PARK SAILING CENTER, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED OCTOBER 31,

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net change in net assets	\$186,921	\$ 278,130
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	26,249	23,686
Gain on sale of boats and equipment	(14,459)	-
In-kind donations, net of in-kind expense	(21,000)	-
Reinvestment of dividends	-	(6)
(Gain) Loss on sale of investments	-	(590)
PPP Loan forgiveness	-	(146,600)
(Increase) decrease in current assets:		
Accounts receivable	-	-
Increase (decrease) in current liabilities:		
Accounts payable	-	-
Accrued payroll and taxes withheld	1,851	3,022
Other accrued expenses	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>179,562</u>	<u>157,642</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities	-	4,457
Proceeds from sale of boats and equipment	14,459	-
Purchase of property and equipment	<u>(30,816)</u>	<u>(23,499)</u>
Net cash provided (used) by investing activities	<u>(16,357)</u>	<u>(19,042)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds – Payroll Protection Plan	-	73,300
Loan repayments	<u>-</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>-</u>	<u>73,300</u>
NET INCREASE (DECREASE) IN CASH	163,205	211,900
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>647,950</u>	<u>436,050</u>
End of year	<u>\$811,155</u>	<u>\$647,950</u>
SUPPLEMENTAL DISCLOSURES:		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

PIERS PARK SAILING CENTER, INC.

STATEMENTS OF CASH FLOWS

(CONTINUED)

YEAR ENDED OCTOBER 31,

	<u>2022</u>	<u>2021</u>
SCHEDULE OF NONCASH INVESTING TRANSACTIONS:		
PPSC receives use of its facilities at no cost under a license agreement with Massport	<u>\$ 66,121</u>	<u>\$ 66,121</u>
During the year ended October 31, 2022 PPSC received by donation a sailboat and equipment recorded at fair market value	<u>\$ 21,000</u>	<u>\$ -</u>
PPSC received distributions on marketable securities PPSC reinvested the distributions into additional securities	<u>\$ -</u>	<u>\$ 6</u>
During the year ended October 31, 2020 the PPSC received a PPP loan from the SBA in the amount of \$73,300. During the year ended October 31, 2021 PPSC received a second PPP loan also in the amount of \$73,300. Under the terms of the loans, both loans were forgiven by the SBA during the year ended October 31, 2021	<u>\$ -</u>	<u>\$146,600</u>

PIERS PARK SAILING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES FOLLOWED

The following summarizes the accounting principles applied to designated items:

Nature of operations - Piers Park Sailing Center, Inc. ("PPSC"), organized March 9, 1998 under chapter 180 of Massachusetts laws is established to operate and manage a sailing program at East Boston Piers Park (the Park), pursuant to an agreement with the Massachusetts Port Authority (Massport).

Method of accounting - the financial records and these statements have been prepared on the accrual basis. The results from operations are reported in the statement of activities as a combined change in net assets.

Financial statement presentation - PPSC presents its financial statement in accordance with ASC Topic 958-210 Not-for-Profit: Statement of Financial Position. Under ASC Topic 958-210, PPSC is required to report information regarding its financial position and activities as two classes of net assets: without donor restrictions and with donor restrictions.

PPSC is required to present a statement of cash flows. Additionally the presentation of expenses is required to be presented by their functional category.

Functional expenses are allocated between program services and supporting services. The two functional categories are allocated to specific programs run by PPSC. The Program Services are PPSC's sailing programs. Supporting Services consists of fundraising development and the administration of PPSC.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense analysis. General and management expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of PPSC.

Revenue recognition - sailing program activities are primarily conducted at the Park located in East Boston, Massachusetts. Program operation revenues include participation fees for sailing school, summer youth sailing camp, programs for persons with disabilities (Adaptive) and pass-holder use of boats at the Park. The performance obligation is the provision of services related to these programs. Program operation revenues, which include participant fees plus rental use and sales of boats and equipment, are recognized when performance obligations services are provided.

PPSC sailing programs involve extensive use of sailboats, skiffs, trailers, outboard motors, water safety and boat accessory equipment.

Charitable support obtained primarily by grants and contributions from the general public, is used to supplement operating revenues, and, in addition maintain administrative services and office facilities. Charitable support is recognized when received.

PIERS PARK SAILING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES FOLLOWED (CONTINUED)

Revenue received in advance of the performance obligation are deferred until the services are provided. There are no deferred revenues at October 31, 2022 and 2021.

Cash and cash equivalents - PPSC considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. PPSC maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits. PPSC has not experienced any losses in such accounts. PPSC believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable – consist of fees and other receivables, which PPSC has an unconditional right to receive. Receivable are stated at the amount management expects to be collected from the outstanding balances. As of October 31, 2022 and 2021, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary. There are no receivables as of October 31, 2022 and 2021.

Investments – PPSC's stock investments are classified as "available for sale" securities, and are carried on the statement of Financial Position at fair market value. Realized gains and losses and unrealized holding gains and losses are included in support on the Statements of Activities. The actual cost basis method is used to determine cost of securities. PPSC uses the first-in first-out allocation method of determining the cost.

PPSC's investments are stated at fair value. If available, quoted market prices are used to value investments. Many factors are considered in arriving at fair value. The mutual fund is valued at net asset value of the fund.

PPSC's investments are exposed to various risks, such as interest rate, market, currency and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the financial statements.

Pledges receivable valuation - PPSC uses the allowance method for determining uncollectible unconditional contributions receivable due after one year. Pledges due beyond one year or more are discounted using applicable federal rates.

Property and equipment – stated at cost, net of accumulated depreciation. PPSC capitalizes major property and equipment acquisitions which have an estimated useful life of five years or greater. These acquisitions are capitalized at cost, if the item is purchased or at the fair value on the date of donation if the item is donated to PPSC. Depreciation is computed using the straight-line method over the estimated life of the asset.

PIERS PARK SAILING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES FOLLOWED (CONTINUED)

Organization Not-For-Profit status - PPSC is a tax-exempt organization within the meaning of Internal Revenue Code 501 (c) (3) which qualifies it for exemption from federal income tax and has been determined not to be a private foundation described in section 509 (a) (2) which qualifies contributions made by the public described in section 170 for the full charitable contribution deduction. Accordingly, income is exempt from fiduciary income tax in Massachusetts.

PPSC's tax returns and filings are subject to examination by taxing authorities for a period of three years from the date they are filed. As of October 31, 2022, the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns Year Ended October 31,</u>	<u>Return to be Filed Year Ended October 31,</u>
Federal	2019-2021	2022
State	2019-2021	2022

At October 31, 2022 PPSC is not under examination by any governmental agency.

Promises to give - promises to give (pledges receivable) result from solicitations made for support by the public are recognized as contributions (unconditional, *without donor restrictions* or conditional, *with donor restrictions*). Promises to give due in one year from the date recognized are recorded net of any goods or services provided to the donor by PPSC at cash value or measured at net realized value that is a reasonable estimate of fair value.

Contributions (with donor restrictions) - recognition of contributions is made according to donor-expressed conditions and result in reporting them as increases to *with donor restriction* net assets recognizing the nature (time or purpose) made by the donor. Donor conditions met concurrently in the same fiscal year may be recognized as *without donor restrictions*. The expiration of a time restriction or fulfillment of a purpose restriction results in a reclassification from *with donor restriction* to *without donor restriction* net assets.

Contributions (without donor restrictions) - the absence of donor conditions precedes recognition of contributions *without donor restriction*. The voluntary nature of public support contributions is normally difficult to verify and is subject to policies and procedures appropriate under the circumstances. A contribution may be subject to unknown terms and conditions resulting from matching gifts. Accordingly, solicitations for support made as intentions to give are generally recorded as contributions *without donor restriction* upon receipt. Further, unpaid intentions of \$250 or greater are further identified as pledges to give and recognized as support at year end

PIERS PARK SAILING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES FOLLOWED (CONTINUED)

Voluntary support - PPSC does not record as revenue or expense the many hours its members and other supporters volunteer in charitable activities without compensation. The hours of volunteers are not controlled and the value of time spent is not easily estimable, as would be required in order to record volunteer time as revenue and support.

Compensated absences - accrued vacation pay has not been accrued. PPSC's policy is to recognize the expense when it is actually incurred and paid.

Fund-raising expenses are recognized according to FASB ASC guidance.

Use of estimates - the preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contingency – In a prior year The World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. At that date the Commonwealth of Massachusetts declared a health advisory and restricted gathering sizes.

PPSC at the present time continues to operate its programs in accordance with all applicable guidelines established by health authorities. The future effect of any further restrictions resulting from this ongoing public health emergency cannot be estimated at this point.

MARKETABLE SECURITIES

PPSC has adopted ASC 320, *Investments – Debt and Equity Securities*. Valuation of investments in equity securities with readily determinable fair value and all debt securities shall be reported at their fair value in the statement of financial position. Accordingly, the GAAP Standard applies to all investments that are required or permitted to be measured at fair value under existing accounting principles. GAAP emphasizes that fair value is a market-based measurement based on the assumptions that market participants would use in pricing the asset or liability.

The aggregate carrying amount of investments are presented according to major security type, classified as bond debt and mutual funds and equities and mutual funds.

PIERS PARK SAILING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

MARKETABLE SECURITIES (CONTINUED)

ASC 820, *Fair Value Measurements and Disclosures*, provides guidance for assets and liabilities that are measured at fair value determined by valuation techniques and inputs used to develop those measurements. The fair value hierarchy established consisting of three levels of inputs that may be used to measure fair value are as follows:

Level 1 – inputs that utilize quoted prices (unadjusted) active markets for identical assets or liabilities that PPSC has the ability to access.

Level 2 – inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the assets or liabilities, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Fair Values Measured on Recurring Basis

Fair values of invested assets measured on a recurring basis at October 31, 2022 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets Assets (Level 1)</u>	<u>Significant Other Observable Inputs Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Invested assets:				
Equity securities	\$ -	\$ -	\$ -	\$ -
Total invested assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values of invested assets measured on a recurring basis at October 31, 2021 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets Assets (Level 1)</u>	<u>Significant Other Observable Inputs Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Invested assets:				
Equity securities	\$ 2	\$ 2	\$ -	\$ -
Total invested assets	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>

See accountants' report.

PIERS PARK SAILING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

PROPERTY AND EQUIPMENT AND DEPRECIATION

Massport transferred their entire sail fleet (sailboats, skiffs, trailers, outboard motors, water safety and boat accessory equipment and outboard motors) and, in addition, office technology equipment, furniture and fixtures to PPSC on January 1, 2002, in consideration for one dollar. The estimated fair value of the sail fleet was \$145,000. Further, the majority of the sail fleet has an estimated useful life of 18 years.

Property and equipment is recorded at cost or donated fair value of the sail fleet and other property. Major improvements and purchases of \$500 or more are capitalized. Depreciation is recognized using the straight-line method according to the useful life of the asset group. Total depreciation for the years ended October 31, 2022 and 2021 were \$26,249 and \$23,686, respectively. Refurbishments and replacements are expensed as incurred.

LICENSE AGREEMENT

The Massachusetts Port Authority (Massport) owner of a park known as the East Boston Piers Park (the "Park") and Pier One (the "Pier") has permitted the use of its land at the Park and the Pier for a sailing program offered by various non-profit operators since 1998. Massport has entered into a license agreement (the Agreement) with PPSC granting the use of the Park and Pier facilities, solely for the operation and management of a sailing program. The current Agreement dated January 1, 2013 has been extended until December 31, 2022. As of October 31, 2022 Massport has initiated construction of Piers Park Phase II which will include a new office and other improvements for operations of PPSC.

PPSC is operating on a year to year basis with Massport under this agreement.

Under the Agreement with Massport, for a nominal annual consideration of one dollar, PPSC uses Pier facilities at the Park including a building (office space), a storage area and a floating dock. Therein, PPSC use of the Pier facilities donated by Massport, fair market value of \$62,017 for storage area and a floating dock and \$4,104 for building office space, for annually operating the licensed sailing program is an unconditional contribution.

**PIERS PARK SAILING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

BANK LINE OF CREDIT

PPSC has a revolving line of credit with a bank with a borrowing limit of \$80,000, available as of October 31, 2020. The line of credit is secured by all property and equipment. The loan balance is \$- 0 - and \$- 0 - at October 31, 2022 and October 31, 2021, respectively. Borrowings subsequent to October 31, 2016 are payable in minimum monthly installments of one (1%) percent of the outstanding balance (but not less than \$100). Management believes PPSC has complied with the terms of the bank loan. The interest rate at October 31, 2022 is 8.25%.

Total line of credit	\$80,000
Borrowed at October 31, 2022	-
Line of credit available at October 31, 2022	<u>\$80,000</u>

SBA PAYROLL PROTECTION PLAN LOAN

PPSC management applied for and received loan proceeds on April 23, 2020 in the amount of \$73,300 through the *Small Business Administration*, Paycheck Protection Program (PPP) under the US Cares Act dated March 27, 2020.

PPSC management applied for and received additional loan proceeds on January 22, 2021 in the amount of \$73,300 through the *Small Business Administration*, Paycheck Protection Program (PPP) under the US Cares Act dated March 27, 2020.

Both loans were forgiven for the full principal and interest of the PPP loan during fiscal year ending October 31, 2021. The first loan was forgiven on March 17, 2021 and the second loan was forgiven on August 12, 2021.

IN-KIND DONATIONS

PPSC receives numerous donations of equipment and supplies from various donors. When the estimated useful life of the donated material exceeds one year the items are recorded as property, plant and equipment at the estimated fair market value as of the date of the donation and depreciated over its estimated useful life. Items that have a useful life of less than one year are expensed as "In-kind expense" in the statement of functional expenses.

PPSC during the year ended October 31, 2022 received the following in-kind donations

Boats and equipment	\$21,000
In-kind items expensed	<u>-</u>
Net	<u>\$21,000</u>

**PIERS PARK SAILING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

IN-KIND DONATIONS (CONTINUED)

Further PPSC receives donated services from a variety of unpaid volunteers assisting PPSC in program, management and administrative services. No amounts have been recognized in the accompanying Statements of Activities because the criteria for recognition of such volunteer efforts under the guidelines have not been satisfied.

NET ASSETS

Net assets without donor restrictions are classified in accordance with The Board of Directors approved resolutions. Accordingly, by vote of the Board of Directors, net assets without restrictions can be designated for special use. In addition, commitments to special projects are made from time to time. The character of assets designated for such purpose is undistinguishable from any other net asset without donor restrictions.

Net assets with donor restrictions are recognized in accordance with donor-imposed restrictions. Release of net assets with donor restrictions are made upon satisfying the conditions therein. Contributions whose time and purpose conditions are met in the same fiscal period are recognized as without donor restrictions.

LIQUIDITY OF THE ORGANIZATION

PPSC as of October 31, 2022 and 2021 has the following financial assets available to meet cash needs for general purposes within one year:

	October 31,	
	2022	2021
Cash in bank and on hand	\$811,155	\$647,950
Cash held in investments	-	-
Pledges receivable	-	-
Marketable securities at fair value	-	2
Total available	<u>\$811,155</u>	<u>\$366,613</u>

In addition to the above PPSC expects to solicit contributions and apply for grants during the year ending October 31, 2023.

PIERS PARK SAILING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SUBSEQUENT EVENTS

PPSC's management has evaluated events occurring from November 1, 2022 through January 21, 2023 the date of the independent accountants' report. To the best of our knowledge, no events have occurred subsequent to the financial position date and through the date of this letter that would require adjustment to, or disclosure in, the aforementioned financial statements.