

**HUDSON RIVER COMMUNITY SAILING INC.**

**FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT**

**NOVEMBER 30, 2022 AND 2021**

# HUDSON RIVER COMMUNITY SAILING INC.

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# Skody Scot & Company, CPAs, P.C.

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002  
[www.skodyscot.com](http://www.skodyscot.com)

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## INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of  
Hudson River Community Sailing Inc.

### ***Opinion***

We have audited the financial statements of Hudson River Community Sailing Inc. (a nonprofit organization), which comprise the statements of financial position as of November 30, 2022 and 2021, and the related statements of activities, expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Hudson River Community Sailing Inc. as of November 30, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those 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 Hudson River Community Sailing Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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, and for 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.

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 Hudson River Community Sailing Inc.'s ability to continue as a going concern for one year after the date that 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 misstatement, 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 assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the judgement made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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 Hudson River Community Sailing 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 Hudson River Community Sailing 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 findings, and certain internal control-related matters that we identified during the audit.

New York, NY  
June 19, 2023

*Skody Scot & Company, CPAs, P.C.*

**HUDSON RIVER COMMUNITY SAILING INC.  
STATEMENTS OF FINANCIAL POSITION  
NOVEMBER 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash	\$ 1,102,560	\$ 1,367,189
Certificates of deposit	118,695	-
Program revenue and other receivables	72,000	74,000
Contributions receivable	190,000	3,770
Government grants receivable	52,360	62,360
Prepaid expenses	53,419	76,259
Property and equipment, net	618,299	592,267
Right-of-use asset - operating lease	43,272	48,954
	<b>\$ 2,250,605</b>	<b>\$ 2,224,799</b>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and accrued expenses	\$ 97,003	\$ 102,181
Deferred income	259,509	213,120
Refundable advances	-	219,600
Lease liability - operating lease	37,622	48,954
Total liabilities	394,134	583,855
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	1,684,921	1,640,944
With donor restrictions	171,550	-
Total net assets	1,856,471	1,640,944
Total liabilities and net assets	<b>\$ 2,250,605</b>	<b>\$ 2,224,799</b>

**See accompanying notes to the financial statements.**

**HUDSON RIVER COMMUNITY SAILING INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED NOVEMBER 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues:</b>						
Program service revenue	\$ 684,009	\$ -	\$ 684,009	\$ 601,237	\$ -	\$ 601,237
Membership dues	379,674	-	379,674	278,453	-	278,453
Contributions	523,436	171,550	694,986	547,286	-	547,286
Contributions - non-financial	4,000	-	4,000	30,000	-	30,000
Government grants	307,638	-	307,638	282,049	-	282,049
Special events:						
Income	365,508	-	365,508	351,197	-	351,197
Less: direct costs	(86,524)	-	(86,524)	(42,828)	-	(42,828)
Net special event income	278,984	-	278,984	308,369	-	308,369
Interest income	1,551	-	1,551	1,478	-	1,478
Other income	13,904	-	13,904	9,235	-	9,235
Net assets released from restriction:						
Satisfaction of purpose restrictions	-	-	-	139,744	(139,744)	-
Total support and revenues	2,193,196	171,550	2,364,746	2,197,851	(139,744)	2,058,107
<b>Expenses:</b>						
Program Expenses:						
Youth program	1,023,099	-	1,023,099	806,014	-	806,014
Adult program	701,622	-	701,622	710,026	-	710,026
Total program expenses	1,724,721	-	1,724,721	1,516,040	-	1,516,040
Supporting Services:						
Management and general	244,567	-	244,567	267,012	-	267,012
Fundraising	179,931	-	179,931	184,838	-	184,838
Total expenses	2,149,219	-	2,149,219	1,967,890	-	1,967,890
<b>Increase/(decrease) in net assets</b>	43,977	171,550	215,527	229,961	(139,744)	90,217
Net assets, beginning of year	1,640,944	-	1,640,944	1,410,983	139,744	1,550,727
Net assets, end of year	\$ 1,684,921	\$ 171,550	\$ 1,856,471	\$ 1,640,944	\$ -	\$ 1,640,944

See accompanying notes to the financial statements.

**HUDSON RIVER COMMUNITY SAILING INC.  
STATEMENT OF EXPENSES  
YEAR ENDED NOVEMBER 30, 2022**

	<u>Program Expenses</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Youth Program</u>	<u>Adult Program</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 625,380	\$ 502,091	\$ 1,127,471	\$ 100,365	\$ 130,116	\$ 1,357,952
Payroll taxes and benefits	145,127	32,258	177,385	12,200	8,699	198,284
Outside contractors	8,667	1,378	10,045	20,919	10,877	41,841
Bank charges & credit card fees	2,411	18,147	20,558	6,687	11,961	39,206
Boat fuel	3,162	3,373	6,535	-	280	6,815
Boat ownership & charters	6,562	52,249	58,811	-	758	59,569
Boat repair and maintenance	9,938	12,060	21,998	-	954	22,952
Boat supplies & equipment	19,933	25,725	45,658	126	2,258	48,042
Depreciation and amortization	117,529	-	117,529	-	-	117,529
Dues, books and subscriptions	769	12,881	13,650	1,204	78	14,932
Insurance	10,267	1,498	11,765	51,771	220	63,756
Loss on asset disposal	-	-	-	10,761	-	10,761
Office supplies and expenses	8,083	11,707	19,790	3,967	6,432	30,189
Printing and copying	1,952	1,566	3,518	554	1,997	6,069
Professional fees	-	-	-	19,903	-	19,903
Food and supplies	37,893	8,398	46,291	98	1,941	48,330
Rent and utilities	7,688	3,801	11,489	4,083	771	16,343
Repairs and maintenance	19	24	43	60	2	105
Staff development and training	5,730	1,997	7,727	495	38	8,260
Telephone and communications	466	155	621	8,859	87	9,567
Travel and meetings	9,618	9,510	19,128	1,706	2,295	23,129
Website hosting and maintenance	1,905	2,804	4,709	809	167	5,685
Total expenses	<u>\$ 1,023,099</u>	<u>\$ 701,622</u>	<u>\$ 1,724,721</u>	<u>\$ 244,567</u>	<u>\$ 179,931</u>	<u>\$ 2,149,219</u>

**See accompanying notes to the financial statements.**

**HUDSON RIVER COMMUNITY SAILING INC.  
STATEMENT OF EXPENSES  
YEAR ENDED NOVEMBER 30, 2021**

	<u>Program Expenses</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Youth Program</u>	<u>Adult Program</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 546,402	\$ 432,048	\$ 978,450	\$ 179,498	\$ 120,008	\$ 1,277,956
Payroll taxes and benefits	76,210	60,177	136,387	2,483	19,580	158,450
Outside contractors	9,210	22,474	31,684	20,896	-	52,580
Bank charges & credit card fees	1,026	10,925	11,951	9,677	11,082	32,710
Boat fuel	2,185	2,683	4,868	-	310	5,178
Boat ownership & charters	20,157	14,897	35,054	-	609	35,663
Boat repair and maintenance	4,489	12,207	16,696	-	1,413	18,109
Boat supplies & equipment	18,816	26,654	45,470	-	2,656	48,126
Depreciation and amortization	47,669	57,466	105,135	-	6,631	111,766
Dues, books and subscriptions	1,739	15,033	16,772	425	899	18,096
Insurance	14,999	14,861	29,860	14,371	1,857	46,088
Office supplies and expenses	6,502	4,601	11,103	727	6,529	18,359
Printing and copying	835	1,317	2,152	594	1,709	4,455
Professional fees	-	-	-	23,890	-	23,890
Food and supplies	26,220	13,055	39,275	1,932	5,146	46,353
Rent and utilities	14,775	9,101	23,876	1,587	646	26,109
Repairs and maintenance	95	139	234	-	16	250
Staff development and training	5,671	2,642	8,313	1,475	254	10,042
Telephone and communications	356	109	465	8,435	3	8,903
Travel and meetings	6,884	5,815	12,699	882	4,115	17,696
Website hosting and maintenance	1,774	3,822	5,596	140	1,375	7,111
<b>Total expenses</b>	<b>\$ 806,014</b>	<b>\$ 710,026</b>	<b>\$ 1,516,040</b>	<b>\$ 267,012</b>	<b>\$ 184,838</b>	<b>\$ 1,967,890</b>

See accompanying notes to the financial statements.



**HUDSON RIVER COMMUNITY SAILING INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED NOVEMBER 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 215,527	\$ 90,217
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	117,529	111,766
Donated equipment	(4,000)	(30,000)
Loss on asset retirement	10,761	-
Amortization of right-of-use asset	5,682	-
Changes in assets and liabilities:		
Accounts payable and accrued expenses	(5,178)	19,969
Deferred income	46,389	90,000
Refundable advances	(219,600)	(89)
Program revenue and other receivables	2,000	(34,593)
Contributions receivable	(186,230)	207,063
Government grants receivable	10,000	(62,360)
Prepaid expenses	22,840	(51,950)
Payment of operating lease liability	(11,332)	-
Net cash provided/(used) by operating activities	4,388	340,023
Cash flows from investing activities:		
Redemption of certificates of deposit	-	75,157
Purchase of certificates of deposit	(118,695)	-
Purchase of property and equipment	(150,322)	(96,664)
Net insurance proceeds from boat damage	-	44,555
Net cash provided/(used) by investing activities	(269,017)	23,048
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	(264,629)	363,071
Cash at beginning of year	1,367,189	1,004,118
Cash at end of year	\$ 1,102,560	\$ 1,367,189
Supplemental information:		
Retirement of property & equipment	\$ -	\$ 51,990
Recognition of operating leases	-	48,954

**See accompanying notes to the financial statements.**

**HUDSON RIVER COMMUNITY SAILING INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

Hudson River Community Sailing Inc. (Organization), a not-for-profit organization, was incorporated in the State of New York on December 18, 2007. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. The Organization primarily receives its support from program service revenue, contributions, membership dues, and special events.

The primary purpose of the Organization is to develop leadership and academic success in underserved New York City youth through sailing education and providing maritime education and recreation to the community at large. The Organization aims to accomplish this mission with its two major program areas which include the following:

**Youth program:**

The youth program develops the leadership and academic skills needed by students to become successful in school and the workplace. Along with academic enrichment in math and science, life skills, such as teamwork, self-reliance, persistence, and responsibility are taught through the mediums of sailing, boat operation, and boat building. The youth program consists of multiple projects which include, but are not limited to: **Sail Academy Chelsea** - a 4 year-long after-school program offered in partnership with seven New York City public high schools. Year 1 provides the opportunity for students to learn to sail and build small wooden boats, while earning an elective credit. Year 2 has students studying the science of the Hudson and learning to become good stewards as they advance sailing skills. Years 3 and 4 allow students to specialize in maritime areas that most interest them (e.g. racing, navigation, boat building), while also receiving post-secondary counseling, college preparation, and career discovery; **Sail Academy Inwood** – a multi-year after-school program that offers STEM enrichment and social emotional learning at local middle schools; **Internships** - students assist in daily operations and boat maintenance in a structured program tiered for increasing responsibility and independence; **City Sail** - a fee-based, week-long summer youth camp for children aged 9 - 17; and **Youth Racing** - a program which brings together a diverse cross-section of both public and private NYC schools to learn fundamentals and compete.

**Adult program:**

The Adult program consists of: **Community Sailing** - a fee-based sailing and membership program which offers adults a *US Sailing* sanctioned community sailing center, sailing lessons and classes. Fees and dues from this program are used to subsidize the costs of the projects which are provided to underserved youth at reduced or no cost through the Youth program; **Soldiers Under Sail** - an adaptive sailing program for veterans delivered in partnership with the local veteran's administration; and **Adaptive Program** - a program piloted in 2021 designed to provide sailing education and recreation for youth and adults living with disabilities. People living with disabilities are often cut off from outdoor activities due to a lack of infrastructure and training. Drawing upon years of providing transformative on-water programs, the Organization plans to shift this paradigm.

**HUDSON RIVER COMMUNITY SAILING INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific receivables. At November 30, 2022 and 2021, all receivables are expected to be received within one year and accordingly, no provision for uncollectible receivables has been recorded.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Purchased property and equipment are stated at cost, less accumulated depreciation or amortization. Donated property and equipment are stated at fair value on the date of donation, less accumulated depreciation. Depreciation of equipment and furniture is computed by the straight-line method over the estimated useful life of the asset ranging from four to ten years. Amortization of leasehold improvements is computed by the straight-line method over the estimated useful life of the improvement or the term of the lease (whichever is shorter). Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

**HUDSON RIVER COMMUNITY SAILING INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments

The policy of the Organization is to sell donated investments soon after receipt and consider them cash donations valued at the sale price.

Certificates of Deposit

Certificates of deposit are bank deposits with maturities to the Organization of longer than three months. Certificates of deposit are reported at their market value based on active markets.

Revenue Recognition

The Organization recognizes contributions when cash, noncash assets, or unconditional promises to give are received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Certain government grants are conditioned upon the incurrence of allowable qualifying expenses in compliance with specific grant provisions. At November 30, 2022 and 2021, the Organization did not have any conditional pledges that were not recognized.

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted for a purpose by the donor are reported as revenue with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program service revenue relates to fees received in exchange for program services and consists primarily of adult and youth sailing instruction, after-school student programming, and sponsorships. Revenue is recognized when the program service is provided, risks and rewards transfer, and all performance obligations are considered to be satisfied. Any revenue received which has not been earned is recorded as deferred income.

Membership dues are recognized as revenue based on the membership period covered by the individual member's dues. Consequently, all dues and fees received in 2022 and 2021 covering the respective 2023 and 2022 membership period have been recorded as deferred income.

The Organization receives special events revenue which contains both an exchange component and a conditional contribution component. Both components are recognized when the event takes place. Any event revenue received in advance of the event is recorded as deferred income.

**HUDSON RIVER COMMUNITY SAILING INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Organization receives grants from governmental agencies. Depending upon the terms of the grant, it can be either an exchange transaction or a contribution. In accordance with grant provisions, the grant can be an expense reimbursement grant which requires that approved expenses be incurred prior to reimbursement by the grantor. Other grants permit advances of grant funds or full payment of grant funds at the start of the grant. If the grant is an exchange type grant, all unreimbursed expenses, for approved purposes, as of year-end are recorded as receivables and any unexpended advances are recorded as refundable advances. If the grant is a contribution, it is recognized in accordance with the contribution recognition policy described above.

During the year ended November 30, 2020, the Organization received \$219,689 of Paycheck Protection Program funds from the U.S. Small Business Administration. Management has determined that the correct model to follow is the grant model and that the purpose-related conditions imposed on the grant were not met by year-end. Therefore, recognition has been deferred. During the year ended November 30, 2021, the Organization received confirmation that it had met the grant conditions and the amount was recognized as government grant revenue.

During the year ended November 30, 2021, the Organization received \$219,600 of Paycheck Protection Program funds from the U.S. Small Business Administration. Management has determined that the correct model to follow is the grant model and that the purpose-related conditions imposed on the grant were not met by year-end. Therefore, recognition has been deferred. The amount is reported as a refundable advance in the statement of financial position as of November 30, 2021. During the year ended November 30, 2022, the Organization received confirmation that it had met the grant conditions and the amount was recognized as government grant revenue.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses based on estimated time and effort and boat-related expenses, insurance, depreciation, office supplies and expenses, rent and utilities, travel and meetings, and various other expenses based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**HUDSON RIVER COMMUNITY SAILING INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Lease Liability and Right-of-Use Asset

The Organization entered into an operating lease agreements for space to obtain right of use (ROU) assets. The lease liability and ROU asset represent its lease obligations and rights to use the leased asset over the period of the lease and are recognized when the Organization enters into the lease. The lease payments are discounted using a rate determined when the lease is recognized. Since most of the Organization's leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The related operating lease ROU asset may differ from the operating lease liability due to deferred or prepaid lease payments and lease incentives. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less.

Note 2 - Property and Equipment

Property and equipment by major class consisted of the following at November 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Boats and boat equipment	\$ 1,017,951	\$ 897,223
Office equipment	-	2,280
Furniture and fixtures	-	1,200
Leasehold improvements	<u>108,092</u>	<u>97,967</u>
	1,126,043	998,670
Less: Accumulated depreciation and amortization	<u>( 507,744)</u>	<u>( 406,403)</u>
	<u>\$ 618,299</u>	<u>\$ 592,267</u>

Note 3 - Lease

During the year ended November 30, 2021, the Organization signed a five-year lease agreement with the City of New York to use a marina in Fort Washington Park for its boating programs. The agreement requires the Organization to maintain and repair the marina at its own cost. As of November 30, 2022, maturities of lease liabilities are as follows:

Year ended November 30, 2023	\$ 12,862
2024	13,505
2025	<u>14,180</u>
Total lease payments	40,547
Less: imputed interest	<u>( 2,925)</u>
Present value of lease liabilities	<u>\$ 37,622</u>

During the year ended November 30, 2021, the Organization recognized (a) a lease liability which represents the present value of the remaining lease payments, discounted using the rate of 5%, and (b) a right-of-use asset.

**HUDSON RIVER COMMUNITY SAILING INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 4 - Concentrations**

The Organization maintains its cash in various accounts. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balances of the accounts may have exceeded the insured limits during the years ended November 30, 2022 and 2021.

**Note 5 - Net Assets**

During fiscal year 2018, the Organization's Board of Directors designated \$100,000 of net assets without donor restrictions as non-operating reserve funds. As of November 30, 2022 and 2021, net assets without donor restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Board-designated non-operating reserves	\$ 100,000	\$ 100,000
Undesignated	<u>1,584,921</u>	<u>1,540,944</u>
	<u>\$1,684,921</u>	<u>\$1,640,944</u>

As of November 30, 2022 and 2021, net assets with donor restrictions are available as follows:

	<u>2022</u>	<u>2021</u>
Sailing lessons and academy	\$ 119,286	\$ -
Time restricted	45,000	-
Purchase of equipment	<u>7,264</u>	<u>-</u>
	<u>\$ 171,550</u>	<u>\$ -</u>

**Note 6 - Revenue from Contracts with Customers**

Detail of revenue from contracts with customers during the years ended November 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Sailing instruction	\$ 586,609	\$ 506,996
After-school programming	65,600	56,667
Membership dues	379,674	278,453
Sponsorships	31,800	37,574
Special event income – exchange component	86,524	42,828

The following table provides information about significant changes in the contract liabilities for the years ended November 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Deferred income, beginning of the year	\$ 213,120	\$ 123,120
Revenue recognized that was included in deferred income at beginning of year	( 213,120)	( 123,120)
Increase in deferred sailing instruction income due to cash received during the period	7,000	31,700
Increase in deferred membership dues due to cash received during the period	223,009	181,420
Increase in other deferred income	<u>29,500</u>	<u>-</u>
Deferred income, end of the year	<u>\$ 259,509</u>	<u>\$ 213,120</u>

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Note 7 - Non-Financial Contribution

During the year ended November 30, 2022, the Organization received a donation of a dock to be used for the Organization's program activities. The donated dock was valued at the retail value of \$4,000. The amount is listed on the statement of activities for the year ended November 30, 2022 as a non-financial contribution.

During the year ended November 30, 2021, the Organization received a donation of a sailboat and trailer to be used for the Organization's program activities. The donated sailboat and trailer were valued at the appraised value of \$30,000, and capitalized as part of the Organization's property and equipment. The amount is listed on the statement of activities for the year ended November 30, 2021 as a non-financial contribution.

Note 8 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

As part of the Organization's liquidity plan, a board designated reserve fund for \$100,000 is maintained.

The following reflects the Organization's financial assets, as of November 30, 2022 and 2021, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 1,102,560	\$ 1,367,189
Certificates of deposit	118,695	-
Receivables	<u>314,360</u>	<u>140,130</u>
Total financial assets	1,535,615	1,507,319
Less those unavailable for general expenditures within one year:		
FY24 activities	( 22,500)	-
Purchase of equipment	( 7,264)	-
Board-designated non-operating reserves	<u>( 100,000)</u>	<u>( 100,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,405,851</u>	<u>\$ 1,407,319</u>



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Note 9 - Government Grants

During the years ended November 30, 2022 and 2021, the Organization was awarded various grants by governmental entities. Total revenue recognized under the grants amounted to:

	<u>2022</u>	<u>2021</u>
U.S. SBA – Paycheck Protection Program funds	\$ 219,600	\$ 219,689
U.S. Department of Veterans Affairs	-	52,360
NYC Dept. of Youth & Community Development	<u>88,038</u>	<u>10,000</u>
	<u>\$ 307,638</u>	<u>\$ 282,049</u>

Note 10 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through June 19, 2023, which is the date the financial statements were available to be issued.