

**HUDSON RIVER COMMUNITY SAILING INC.**

**FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT**

**NOVEMBER 30, 2023 AND 2022**

# HUDSON RIVER COMMUNITY SAILING INC.

## Index

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statements of financial position as of November 30, 2023 and 2022	3
Statements of activities for the years ended November 30, 2023 and 2022	4
Statement of expenses for the year ended November 30, 2023	5
Statement of expenses for the year ended November 30, 2022	6
Statements of cash flows for the years ended November 30, 2023 and 2022	7
Notes to the financial statements	8 - 17



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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, 2023 and 2022, 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, 2023 and 2022, 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 judgment 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  
October 10, 2024

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

**HUDSON RIVER COMMUNITY SAILING INC.  
STATEMENTS OF FINANCIAL POSITION  
NOVEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 742,190	\$ 1,102,560
Certificates of deposit	509,562	118,695
Program service revenue receivables	43,050	72,000
Contributions receivable	93,772	190,000
Government grants receivable	-	52,360
Prepaid expenses	70,268	53,419
Property and equipment, net	621,096	618,299
Right of use asset - operating lease	31,656	43,272
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 2,111,594</u>	<u>\$ 2,250,605</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 88,538	\$ 97,003
Deferred income	349,129	259,509
Lease liability - operating lease	26,343	37,622
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>464,010</u>	<u>394,134</u>
 Net Assets:		
Without donor restrictions	1,485,017	1,684,921
With donor restrictions	162,567	171,550
	<u>                    </u>	<u>                    </u>
Total net assets	<u>1,647,584</u>	<u>1,856,471</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 2,111,594</u>	<u>\$ 2,250,605</u>

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

**HUDSON RIVER COMMUNITY SAILING INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED NOVEMBER 30, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues:</b>						
Special events:						
Income	\$ 499,104	\$ -	\$ 499,104	\$ 365,508	\$ -	\$ 365,508
Less: direct costs	(93,918)	-	(93,918)	(86,524)	-	(86,524)
Net special event income	405,186	-	405,186	278,984	-	278,984
Program service revenue	701,666	-	701,666	684,009	-	684,009
Membership dues	480,040	-	480,040	379,674	-	379,674
Contributions	380,483	107,422	487,905	525,217	171,550	696,767
Contributions - nonfinancial	69,000	-	69,000	4,000	-	4,000
Government grants	101,850	-	101,850	307,638	-	307,638
Investment return	8,424	-	8,424	(230)	-	(230)
Other income	7,463	-	7,463	13,904	-	13,904
Net assets released from restriction:						
Expiration of time restrictions	30,000	(30,000)	-	-	-	-
Satisfaction of purpose restrictions	86,405	(86,405)	-	-	-	-
Total support and revenues	2,270,517	(8,983)	2,261,534	2,193,196	171,550	2,364,746
<b>Expenses:</b>						
Program Expenses:						
Youth program	1,078,642	-	1,078,642	1,023,099	-	1,023,099
Adult program	863,262	-	863,262	701,622	-	701,622
Total program expenses	1,941,904	-	1,941,904	1,724,721	-	1,724,721
Supporting Services:						
Management and general	264,710	-	264,710	244,567	-	244,567
Fundraising	263,807	-	263,807	179,931	-	179,931
Total expenses	2,470,421	-	2,470,421	2,149,219	-	2,149,219
Increase/(decrease) in net assets	(199,904)	(8,983)	(208,887)	43,977	171,550	215,527
Net assets, beginning of year	1,684,921	171,550	1,856,471	1,640,944	-	1,640,944
Net assets, end of year	\$ 1,485,017	\$ 162,567	\$ 1,647,584	\$ 1,684,921	\$ 171,550	\$ 1,856,471

See accompanying notes to the financial statements.

**HUDSON RIVER COMMUNITY SAILING INC.  
STATEMENT OF EXPENSES  
YEAR ENDED NOVEMBER 30, 2023**

	<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	\$ 746,241	\$ 544,359	\$ 1,290,600	\$ 135,234	\$ 199,937	\$ 1,625,771
Payroll taxes and benefits	90,198	72,981	163,179	35,099	28,584	226,862
Outside contractors	2,442	1,025	3,467	4,063	15,514	23,044
Bank charges and processing fees	2,828	25,157	27,985	3,244	3,298	34,527
Boat fuel	3,445	2,694	6,139	-	148	6,287
Boat ownership and charters	15,001	15,994	30,995	-	373	31,368
Boat repair and maintenance	13,830	12,272	26,102	-	685	26,787
Boat supplies and equipment	23,774	27,469	51,243	-	1,486	52,729
Depreciation and amortization	50,599	64,834	115,433	-	4,471	119,904
Dues, books and subscriptions	1,493	11,961	13,454	741	494	14,689
Food and other supplies	46,268	16,429	62,697	4,614	3,853	71,164
Insurance	25,340	25,340	50,680	9,768	-	60,448
Office supplies and expenses	9,630	4,655	14,285	36,017	1,093	51,395
Printing and copying	1,370	1,342	2,712	82	1,294	4,088
Professional fees	4,275	2,775	7,050	10,369	150	17,569
Rent and utilities	22,405	13,701	36,106	13,388	774	50,268
Repairs and maintenance	25	33	58	-	2	60
Staff development and training	2,984	7,618	10,602	-	281	10,883
Telephone and communications	760	31	791	1,427	2	2,220
Travel and meetings	15,046	10,182	25,228	2,103	1,299	28,630
Website hosting and maintenance	688	2,410	3,098	8,561	69	11,728
Total expenses	<u>\$ 1,078,642</u>	<u>\$ 863,262</u>	<u>\$ 1,941,904</u>	<u>\$ 264,710</u>	<u>\$ 263,807</u>	<u>\$ 2,470,421</u>

**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>Youth Program</u>	<u>Adult Program</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</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	243	1,378	1,621	858	10,877	13,356
Bank charges and processing 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 and 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 and 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
Food and other supplies	37,893	8,398	46,291	98	1,941	48,330
Insurance	10,267	1,498	11,765	51,771	220	63,756
Loss on asset disposal	-	-	-	10,761	-	10,761
Office supplies and expenses	16,507	11,707	28,214	24,028	6,432	58,674
Printing and copying	1,952	1,566	3,518	554	1,997	6,069
Professional fees	-	-	-	19,903	-	19,903
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.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED NOVEMBER 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (208,887)	\$ 215,527
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	119,904	117,529
Donated property and equipment	(69,000)	(4,000)
Loss on asset retirement	-	10,761
Certificate of deposit (gain)/loss	(867)	1,781
Amortization of right of use asset	11,616	5,682
Accretion of lease liability	1,583	918
(Increases)/decreases in assets:		
Program service revenue receivables	28,950	2,000
Contributions receivable	96,228	(186,230)
Government grants receivable	52,360	10,000
Prepaid expenses	(16,849)	22,840
Increases/(decreases) in liabilities:		
Accounts payable and accrued expenses	(8,465)	(5,178)
Deferred income	89,620	46,389
Refundable advances	-	(219,600)
Payment of operating lease liability	(12,862)	(12,250)
Net cash provided/(used) by operating activities	83,331	6,169
Cash flows from investing activities:		
Redemption of certificates of deposit	210,000	-
Purchase of certificates of deposit	(600,000)	(120,476)
Purchase of property and equipment	(53,701)	(150,322)
Net cash provided/(used) by investing activities	(443,701)	(270,798)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	(360,370)	(264,629)
Cash, beginning of year	1,102,560	1,367,189
Cash, end of year	\$ 742,190	\$ 1,102,560

**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 in accordance with accounting principles generally accepted in the United States of America (US GAAP) 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 the 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.

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.

Receivables

The Organization records program service revenue receivables, government grant receivables, and contribution receivables. Program service revenue receivables are reported at their net realizable value. The Organization evaluates the collectability of its program service revenue receivables at least annually using a current expected credit loss (CECL) model. Under this model, an allowance for credit losses is recorded for the expected lifetime losses on the receivables. This evaluation is based on historical loss experience, current economic conditions, and reasonable and supportable forecasts that affect the collectability of the outstanding balances. Receivables deemed uncollectable are written off against the allowance when it is determined that the receivable will not be collected.

The Organization has determined that no allowance for credit losses is necessary as of November 30, 2023 and 2022, based on historical collection rates, creditworthiness of the customers and economic conditions stability.

Contribution and government grant receivables are reported at their net realizable value. Contribution receivables expected to be collected in future years are recorded at the present value of estimated future cash flows. Uncollectable pledges are written off in the period in which the pledge is determined uncollectable. The Organization expects all contribution receivables to be collected within one year as of November 30, 2023 and 2022.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of two 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.

Lease Liability and Right of Use Asset

The Organization entered into an operating lease agreement for its marina to obtain a right of use (ROU) asset. 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 at the lease commencement date. The lease payments are discounted using a rate determined when the lease is recognized. Since the Organization's lease does not provide an explicit rate, the Organization uses its incremental borrowing rate based on the information available at the lease commencement date. The related operating lease ROU asset may differ from the operating lease liability due to deferred or prepaid lease payments. ROU assets are amortized over the lease term. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less.

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)

Revenue Recognition

The Organization recognizes contributions when cash and other financial assets, nonfinancial assets/services, 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. Amounts received prior to the meeting of these conditions are reported as refundable advances in the statements of financial position. At November 30, 2023, contributions totaling \$40,000 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not been met. The recognition of these contributions is conditioned upon the Organization meeting certain program goals.

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. The Organization's program service revenue generally contains a single delivery/service element, and revenue is recognized at a single point in time when the Organization's performance obligations are considered to be satisfied. Fees for the Organization's program service revenue are based on industry standards, and payments are due either prior to the contract period or upon completion of the contracted work. 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 as of November 30, 2023 and 2022, covering the respective 2024 and 2023 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, 2021, the Organization received \$219,600 of Paycheck Protection Program funds from the U.S. Small Business Administration (SBA). 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 was deferred. 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 Organization allocates salaries and related expenses based on estimated time and effort. Other expenses including bank charges and processing fees, boat supplies and equipment, depreciation and amortization, insurance, office supplies and expenses, food and other supplies, rent and utilities, repairs and maintenance, telephone and communications, travel and meetings, and website hosting and maintenance, are allocated based on usage. The Organization classifies expenses which are not directly related to a specific program as management and general expenses.

Reclassifications

Certain amounts 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 2 - Property and Equipment**

Property and equipment by major class consisted of the following at November 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Boats and boat equipment	\$ 1,140,652	\$ 1,017,951
Leasehold improvements	<u>108,092</u>	<u>108,092</u>
	1,248,744	1,126,043
Less: accumulated depreciation and amortization	<u>( 627,648)</u>	<u>( 507,744)</u>
	<u>\$ 621,096</u>	<u>\$ 618,299</u>

**Note 3 - 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, 2023 and 2022, net assets without donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Board-designated non-operating reserves	\$ 100,000	\$ 100,000
Undesignated	<u>1,385,017</u>	<u>1,584,921</u>
	<u>\$ 1,485,017</u>	<u>\$ 1,684,921</u>

As of November 30, 2023 and 2022, net assets with donor restrictions are available as follows:

	<u>2023</u>	<u>2022</u>
Sailing lessons and academy	\$ 147,567	\$ 119,286
Fiscal year 2023 activities	-	30,000
Fiscal year 2024 activities	15,000	15,000
Purchase of equipment	<u>-</u>	<u>7,264</u>
	<u>\$ 162,567</u>	<u>\$ 171,550</u>

**Note 4 - Concentrations**

The Organization maintains its cash and certificates of deposit in various accounts. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits (including certificates of deposit) up to \$250,000 per financial institution. At times, the balances of the accounts have exceeded the insured limits during the years ended November 30, 2023 and 2022.

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

Note 5 - Permit for Use of Property

During the year ended November 30, 2023, the Organization signed a permit agreement that allows it to use and occupy a boathouse (Boathouse) for its boating programs. Under the agreement, the Organization is responsible for the day-to-day minor maintenance, general upkeep, and operating expenses of the Boathouse. This agreement does not meet the requirements necessary to be considered a lease and therefore no ROU asset or lease liability was recorded for this agreement. As of November 30, 2023, the projected annual permit and usage fees under this agreement are as follows:

Year ended November 30, 2024	\$	38,667
2025		41,750
2026		44,750
2027		46,837
2028		48,830
2029-2031		105,087

During the year ended November 30, 2023, the Organization signed a sub-permit agreement with another organization (Sub-Permittee) allowing it to use certain areas of the Boathouse, in exchange for an annual payment. As of November 30, 2023, the projected annual payments expected to be received from the Sub-Permittee are as follows:

Year ended November 30, 2024	\$	4,000
2025		6,000
2026		6,000
2027		6,000
2028		6,000
2029-2031		18,000

Note 6 - Lease Commitments

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, 2023, the minimum aggregate annual rental commitments are as follows:

Year ended November 30, 2024	\$	13,505
2025		14,180
Total lease payments		<u>27,665</u>
Less: imputed interest (5%)		<u>( 1,342)</u>
Present value of lease liabilities		<u>\$ 26,343</u>

The components of the Organization's lease expenses for the years ended November 30, 2023 and 2022, are included in the statements of activities and expenses as follows:

	<u>2023</u>	<u>2022</u>
Youth program	\$ 5,478	\$ 2,739
Adult program	7,326	3,663
Fundraising	396	198



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

**Note 7 - Nonfinancial Contributions**

The Organization received nonfinancial contributions that meet the criteria for being recognized in accordance with US GAAP. For the years ended November 30, 2023 and 2022, amounts recognized in the statements of activities are as follows:

	2023	2022
Boat dock – used by the Organization for programmatic functions	\$ -	\$ 4,000
Sailboat - used by the Organization for programmatic functions	69,000	-

The nonfinancial contributions received during the years ended November 30, 2023 and 2022, did not have any donor-imposed restrictions.

The valuation technique used by the Organization for the nonfinancial contributions received is as follows:

- Boat dock – the fair value is estimated based on cost to the Organization if purchased
- Sailboat – the fair value is based on the appraised value

**Note 8 - Government Grants**

During the years ended November 30, 2023 and 2022, the Organization was awarded various grants by governmental entities. Total revenue recognized under the grants amounted to:

	2023	2022
U.S. SBA – Paycheck Protection Program funds	\$ -	\$ 219,600
U.S. Department of Veterans Affairs	11,850	-
NYC Dept. of Youth and Community Development	90,000	88,038
	\$ 101,850	\$ 307,638

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

Note 9 - Revenue from Contracts with Customers

Detail of revenue from contracts with customers during the years ended November 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Sailing instruction	\$ 607,483	\$ 586,609
After-school programming	64,183	65,600
Sponsorships	30,000	31,800
Membership dues	480,040	379,674
Special event income – exchange component	93,918	86,524

The following table provides information about significant changes in the contract liabilities for the years ended November 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deferred income, beginning of the year	\$ 259,509	\$ 213,120
Revenue recognized that was included in deferred income at beginning of year	( 236,309)	( 213,120)
Increase in deferred sailing instruction income due to cash received during the period	55,052	7,000
Increase in deferred membership dues due to cash received during the period	270,877	223,009
Increase in other deferred income	-	29,500
Deferred income, end of the year	<u>\$ 349,129</u>	<u>\$ 259,509</u>

The Organization's receivables from contracts with customers consist of amounts due for sailing instruction and after-school programming. The beginning and ending balances for contract receivables are as follows for the years ended November 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Beginning balance	<u>\$ 72,000</u>	<u>\$ 74,000</u>
Ending balance	<u>\$ 43,050</u>	<u>\$ 72,000</u>

Note 10 - Retirement Plan

The Organization adopted a deferred compensation plan (Plan) under 403(b) of the Internal Revenue Code in 2021, which was subsequently amended in 2024. All employees age 21 or over who have been employed by the Organization for at least six months are eligible to participate in the Plan. The Plan allows for the Organization to make discretionary matching contributions up to 3% of the participant's salary. Organization contributions to the Plan for the years ended November 30, 2023 and 2022, amounted to \$14,209 and \$16,212, respectively.

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

**Note 11 - 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, 2023 and 2022, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	2023	2022
Financial assets:		
Cash	\$ 742,190	\$ 1,102,560
Certificates of deposit	509,562	118,695
Receivables	136,822	314,360
Total financial assets	1,388,574	1,535,615
Less those unavailable for general expenditures within one year:		
FY24 activities	-	( 15,000)
Purchase of equipment	-	( 7,264)
Board-designated non-operating reserves	( 100,000)	( 100,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,288,574	\$ 1,413,351

**Note 12 - Subsequent Events**

Subsequent events were evaluated for potential additional disclosures through October 10, 2024, which is the date the financial statements were available to be issued.