



HUDSON RIVER COMMUNITY SAILING INC.

New York, New York

Financial Statements

For the Year Ended November 30, 2024

With Summarized Comparative Information
For the Year Ended November 30, 2023

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Wade R. Moran, CPA, PLLC
Certified Public Accounting Firm
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
HUDSON RIVER COMMUNITY SAILING INC.

Opinion

We have audited the accompanying financial statements of HUDSON RIVER COMMUNITY SAILING INC. (a nonprofit organization), which comprise the statement of financial position as of November 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HUDSON RIVER COMMUNITY SAILING INC as of November 30, 2024, and the changes in its net assets and its cash flows for the year 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 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 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, 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 within 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 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, misrepresentations, 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 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.

Report on Summarized Comparative Information

The financial statements of HUDSON RIVER COMMUNITY SAILING INC. as of November 30, 2023, and for the year then ended were audited by other auditors who expressed an unqualified opinion on those financial statements in their report dated October 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended November 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wade R. Moran, CPA

Wade R. Moran CPA, PLLC
Dallas, Texas
August 24, 2025

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HUDSON RIVER COMMUNITY SAILING INC.

Statement of Financial Position

November 30, 2024 with Summarized Comparative Totals for 2023

	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2-Section 4 and Note 3)	\$ 499,632	\$ 742,190
Certificates of Deposit (Note 2-Section 4 and Note 3)	771,122	509,562
Program Service Revenue Receivable (Notes 3 and 4)	126,000	43,050
Contributions Receivable (Notes 3 and 4)	29,451	93,772
Prepaid Expenses (Insurance, Storage and Sailboat Charter)	47,506	70,268
Total Current Assets	1,473,711	1,458,842
Net Property and Equipment (Note 2-Section 5 and Note 5)	590,164	621,096
Other Assets		
ROU Asset (Note 6)	16,857	31,656
Total Other Assets	16,857	31,656
TOTAL ASSETS	\$ 2,080,732	\$ 2,111,594
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 109,799	\$ 88,538
Deferred Revenue (Note 7)	394,390	341,129
Boat Deposits Payable	13,000	8,000
Short Term Lease Liability (Note 6)	12,862	13,481
Total Current Liabilities	530,051	451,148
Long Term Lease Liability (Note 6)	0	12,862
Total Liabilities	530,051	464,010
Net Assets (Note 2-Section 8)		
Without Donor Restrictions	1,295,681	1,385,017
Without Donor Restrictions-Board Designated (Notes 3 and 8)	100,000	100,000
	1,395,681	1,485,017
With Donor Restrictions (Notes 3 and 9)	155,000	162,567
Total Net Assets	1,550,681	1,647,584
TOTAL LIABILITIES AND NET ASSETS	\$ 2,080,732	\$ 2,111,594

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

HUDSON RIVER COMMUNITY SAILING INC.

Statement of Activities

For the Year Ended November 30, 2024 With Summarized Comparative Totals for 2023

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>2024 Total</u>	<u>2023 Total</u>
CHANGE IN UNRESTRICTED NET ASSETS				
REVENUE AND PUBLIC SUPPORT				
Support and Revenues				
Program Service Revenue	\$ 825,947	\$ 0	\$ 825,947	\$ 701,666
Membership Dues	560,583	0	560,583	480,040
Contributions	340,070	362,000	702,070	487,905
In-Kind Contributions	0	0	0	69,000
Government Grants (Note 10)	0	90,000	90,000	101,850
Special Events-Net (Note 11)	468,438	0	468,438	405,186
Investment Revenue	30,722	0	30,722	8,424
Other Inome	8,723	0	8,723	7,463
Total Support and Revenues	<u>2,234,483</u>	<u>452,000</u>	<u>2,686,483</u>	<u>2,261,534</u>
 Net Assets Released from Restrictions (Note 12)	<u>459,567</u>	<u>(459,567)</u>	<u>0</u>	<u>0</u>
Total Revenue and Public Support	<u>2,694,050</u>	<u>(7,567)</u>	<u>2,686,483</u>	<u>2,261,534</u>
 EXPENSES				
Program Services				
Youth Programs	1,101,193	0	1,101,193	1,078,642
Adult Programs	1,108,261	0	1,108,261	863,262
Total Program Services	<u>2,209,454</u>	<u>0</u>	<u>2,209,454</u>	<u>1,941,904</u>
Support Services				
General and Administrative	232,721	0	232,721	264,710
Fundraising	329,906	0	329,906	263,807
Total Support Services	<u>562,627</u>	<u>0</u>	<u>562,627</u>	<u>528,517</u>
 Total Expenses	<u>2,772,081</u>	<u>0</u>	<u>2,772,081</u>	<u>2,470,421</u>
 CHANGE IN NET ASSETS BEFORE PRIOR PERIOD ADJUSTMENT	 (78,031)	 (7,567)	 (85,598)	 (208,887)
 Prior Period Adjusrment (Note 13)	<u>(11,305)</u>	<u>0</u>	<u>(11,305)</u>	<u>0</u>
CHANGE IN NET ASSETS	<u>(89,336)</u>	<u>(7,567)</u>	<u>(96,903)</u>	<u>(208,887)</u>
 NET ASSETS AT BEGINNING OF YEAR	 <u>1,485,017</u>	 <u>162,567</u>	 <u>1,647,584</u>	 <u>1,856,471</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,395,681</u>	<u>\$ 155,000</u>	<u>\$ 1,550,681</u>	<u>\$ 1,647,584</u>

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

HUDSON RIVER COMMUNITY SAILING INC.

Statement of Functional Expenses

For the Year Ended November 30, 2024 With Summarized Comparative Totals for 2023

Natural Expense Categories	Program Services			Support Services		2024 TOTAL	2023 TOTAL
	Youth Programs	Adult Programs	Total Programs	General and Administrative	Fundraising		
Operating Expenses							
Salaries	\$ 706,021	\$ 614,267	\$ 1,320,288	\$ 104,998	\$ 258,489	\$ 1,683,775	\$ 1,625,771
Payroll Taxes and Benefits	130,920	131,705	262,625	20,716	38,114	321,455	212,653
Retirement Contributions (Note 16)	10,538	9,254	19,792	1,758	3,968	25,518	14,209
Outside Contractors	452	1,787	2,239	0	4,749	6,988	23,044
Bank Charges and Processing Fees	13,912	38,283	52,195	95	834	53,124	34,527
Boat Fuel	3,523	4,894	8,417	0	169	8,586	6,287
Boat Ownership and Charters	13,876	36,752	50,628	0	694	51,322	31,368
Boat Repairs and Maintenance	9,544	14,342	23,886	0	477	24,363	26,787
Boat Supplies and Equipment	21,057	30,612	51,669	0	1,063	52,732	52,729
Dues, Books and Subscriptions	1,741	18,589	20,330	387	7,287	28,004	14,689
Food and Other Supplies	24,211	10,047	34,258	2,416	1,463	38,137	59,288
Scholarships	19,897	0	19,897	0	0	19,897	11,876
Insurance	34,669	50,270	84,939	3,356	1,733	90,028	60,448
Office Supplies and Expenses	12,574	5,954	18,528	50,667	3,528	72,723	45,272
Advertising and Promotion (Note 2-Section 10)	2,609	4,360	6,969	0	75	7,044	6,123
Printing and Copying	2,030	1,456	3,486	209	692	4,387	4,088
Professional Fees	0	0	0	34,971	0	34,971	17,569
Rent and Utilities	21,285	30,790	52,075	1,318	1,062	54,455	50,268
Repairs and Maintenance	83	121	204	0	4	208	60
Staff Development and Training	4,595	2,884	7,479	1,066	42	8,587	10,883
Telephone and Communications	318	216	534	1,583	7	2,124	2,220
Travel and Meetings	12,757	20,768	33,525	427	2,710	36,662	28,630
Website Hosting and Maintenance	120	1,941	2,061	8,754	23	10,838	11,728
TOTAL OPERATING EXPENSES	1,046,732	1,029,292	2,076,024	232,721	327,183	2,635,928	2,350,517
Other Expenses							
Depreciation (Note 2-Section 5 and Note 6)	54,461	78,969	133,430	0	2,723	136,153	119,904
TOTAL OTHER EXPENSES	54,461	78,969	133,430	0	2,723	136,153	119,904
TOTAL EXPENSES	\$ 1,101,193	\$ 1,108,261	2,209,454	\$ 232,721	\$ 329,906	\$ 2,772,081	\$ 2,470,421

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

HUDSON RIVER COMMUNITY SAILING INC.

Statement of Cash Flows

For the Year Ended November 30, 2024 With Summarized Comparative Totals for 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (96,903)	\$ (208,887)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	136,154	119,904
Donated Property and Equipment	0	(69,000)
Certificate of Deposit Interest	(2,958)	(867)
Amortization of Right of Use Asset	14,799	11,616
Change in Lease Liability	0	1,583
Change in Accounts Receivable	(82,950)	28,950
Change in Grants Receivable	64,321	96,228
Change in Government Grants Receivable	0	52,360
Change in Prepaid Expenses	22,762	(16,849)
Change in Accounts Payable and Accrued Expenses	21,261	(8,465)
Change in Deferred Revenue	53,261	88,620
Payment of Operating Lease Liability	(13,481)	(12,862)
Change in Boat Deposits Payable	5,000	1,000
Net Cash Provided (Used) by Operating Activities	<u>121,266</u>	<u>83,331</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of Certificates of Deposit	401,398	210,000
Purchase of Certificates of Deposit	(660,000)	(600,000)
Purchases of Property and Equipment	<u>(105,222)</u>	<u>(53,701)</u>
Net Cash Provided (Used) by Investing Activities	<u>(363,824)</u>	<u>(443,701)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(242,558)	(360,370)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>742,190</u>	<u>1,102,560</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 499,632</u></u>	<u><u>\$ 742,190</u></u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Noncash		
Donated Property and Equipment	\$ 0	\$ 69,000

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

HUDSON RIVER COMMUNITY SAILING INC.

Notes to the Financial Statements

November 30, 2024

NOTE 1 - DESCRIPTION OF ORGANIZATION - GENERAL INFORMATION

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 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 afterschool 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management selects accounting principles generally accepted in the United States of America and adopts methods for their application. This summary of significant accounting policies selected by the Organization's management is presented to assist in understanding the financial statements.

- 1) **Basis of Accounting** – The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred on the accrual basis of accounting.
- 2) **Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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 reported revenues and expenses. Significant estimates include those used in the functional allocation of expenses, and depreciation of assets. Accordingly, it is reasonably possible for actual results to differ from those estimates.
- 3) **Investments** – The policy of the Organization is to sell donated investments soon after receipt and consider them cash donations valued at the sale price.

HUDSON RIVER COMMUNITY SAILING INC.

Notes to the Financial Statements

November 30, 2024

- 4) Cash Equivalents and Certificates of Deposit – For purposes of the statement of cash flows, cash and cash equivalents include highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash. The Organization estimates that the fair value of cash and cash equivalents do not differ materially from the aggregate carrying value recorded in the accompanying statement of financial position as of November 30, 2024. 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.
- 5) Property and Equipment – It is the Organization's policy to capitalize property and equipment with an acquisition cost greater than \$1,000. Lesser amounts are expensed. Donations of property and equipment are capitalized, and recorded as support, at their fair value at the date of receipt. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time. The cost of maintenance and repairs are charged to expense as incurred. Depreciation is computed on a straight-line basis over the following estimated useful lives from 5 to 39 years (See Note 5).
- 6) Impairment of Long-Lived Assets – Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.
- 7) Right of Use – 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 (See Note 6). The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less.
- 8) Net Asset Classification – In accordance with GAAP, the Organization has adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Therefore, the Organization classifies its net assets into two categories as follows: Without Donor Restrictions - Net assets which are not subject to donor-imposed stipulations. These may be used for any purpose or designated for specific purposes by action of the Board of Trustees. With Donor Restrictions - (1) Net assets which are subject to donor-imposed purpose restrictions, or which expire with the passage of time (formerly called temporarily restricted). (2) Net assets subject to donor-imposed stipulations that the corpus be maintained permanently (formerly called permanently restricted). Generally, the donors of these assets permit the Organization to use all, or part of the income earned on related investments for general or specific purposes. These are often referred to as endowment.
- 9) Contributions – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service.

HUDSON RIVER COMMUNITY SAILING INC.

Notes to the Financial Statements

November 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 10) Advertising – The Organization utilizes advertising to promote the organization and its programs to its supporters and the general public. The costs of advertising are expensed when incurred and advertising expense was \$7,044 for the year ended November 30, 2024.
- 11) Donated Assets and Services – Donated property is recorded at fair market value on the date of receipt in the appropriate investment, expense or equipment account. In the absence of donor restrictions, donated assets are reported as unrestricted revenue. Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution (See Note 18 for Volunteer Contributed Services).
- 12) Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage/usage basis.
- 13) 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.
- 14) Uncertain Tax Positions – Organization is a not-for-profit Organization that is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code as other than a private foundation. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal Return of Organization Exempt from Income Tax Returns for the past three years are subject to examination by the IRS.
- 15) Recent Accounting Pronouncements – The accounting principles governing the reported amounts, presentations, and disclosures in our financial statements are subject to change from time to time based on the issuance of new pronouncements of various standard-setting bodies. New pronouncements not yet in effect as of November 30, 2024, will not have a material effect on our financial statements of financial position, activities, and cash flows.
- 16) Fair Value Measurements and Disclosures – Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 *Fair Value Measurements and Disclosures* established a framework for measuring fair value. That framework provides for a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows: *Level 1* - Inputs based on unadjusted quoted prices for identical assets or liabilities accessible at the measurement date. *Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets. *Level 3* - Unobservable inputs for the asset or liability including the reporting entity's own assumptions in determining the fair value measurement. The methods described above may produce a fair value calculation that may not be indicative of net realizable value, or reflective of future fair values. Furthermore, while the Organization believes that its valuation methods are appropriate and consistent with other market techniques, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The estimated fair values of the Organization's financial instruments not measured at fair value, including cash and cash equivalents, certificates of deposit, receivables, prepaid expenses, accounts payable accrued liabilities, deferred revenue and boat deposits payable approximated their carrying values based on the short-term nature of these items as of November 30, 2024.

HUDSON RIVER COMMUNITY SAILING INC.

Notes to the Financial Statements

November 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 17) Subsequent Events – Management reviewed Type 1 subsequent events (events that reveal conditions existing at or before the balance sheet date and require adjustment to the financial statements) and Type 2 subsequent events (events that reveal conditions arising after the balance sheet date and require disclosure in, but not adjustment to, the financial statements).

Management has evaluated subsequent events after the statement of financial position date of November 30, 2024 through the date the financial statements were available to be issued and concluded that no additional disclosures are required.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual, donor-imposed restrictions, or internal restrictions and designations within one year of the balance sheet date.

Financial Assets at Year-End	
Cash and Cash Equivalents	\$ 499,632
Certificates of Deposit	771,122
Receivables	<u>155,451</u>
Total Financial Assets Available	\$ 1,426,205
Less: Donor Restricted Net Assets	
Less: Board-Designated Non-Operating Reserves	(100,000)
Less: Donor Imposed Restrictions	<u>155,000</u>
Financial Assets Available to Meet Cash Needs	
General Expenditures within One Year	<u>\$ 1,171,205</u>

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For the purpose 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.

NOTE 4 – RECEIVABLES

The Organization's receivables from contracts with customers consist of amounts due for sailing instruction and after-school programming amounted to \$126,000 at November 30, 2024. 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, 2024. 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 amounting to \$29,451. 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, 2024.

HUDSON RIVER COMMUNITY SAILING INC.

Notes to the Financial Statements

November 30, 2024

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment are used for operating purposes and consisted of the following at November 30, 2024:

Boats and Boat Equipment	\$ 1,245,874
Leasehold Improvements	<u>108,092</u>
Total Property and Equipment	1,353,966
Less: Accumulated Depreciation	<u>(763,802)</u>
Net Property and Equipment	<u>\$ 590,164</u>

Depreciation expense for the year ended November 30, 2024 was \$136,153.

NOTE 6 – RIGHT OF USE ASSET, LEASE LIABILITY AND 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.

Lease Costs for the year ended November 30, 2024:

Operating Lease Cost	\$ 13,505
Total Lease Cost	<u>\$ 13,505</u>

Cash Flows relating to lease activity for the year ended November 30, 2024:

Operating Lease – Operating Cash Flows (Fixed Payments)	\$ 13,505
Operating Lease – Operating Cash Flows (Liability Reduction)	13,481

ROU Assets – Operating Leases	63,047
Weighted Average Lease Term – Operating Leases	5 years
Weighted Average Discount Rate – Operating Leases	5%

Statement of Financial Positions considerations as of November 30, 2024:

ROU Asset	\$ 16,857
Short Term Lease Liability	12,862
Long Term Lease Liability	0

As of November 30, 2024, the minimum aggregate annual rental commitments are as follows:

Years ending November 30:

2025	<u>\$ 14,180</u>
Total future minimum lease payments	<u>\$ 14,180</u>

NOTE 7 – DEFERRED REVENUE-REVENUE RECOGNITION

Deferred revenue for the year ended November 30, 2024 comes from the following sources:

Memberships	\$ 318,729
Gift Cards	44,128
Shelter Island Sponsorships	15,865
Local Government Grants	<u>15,668</u>
Total	<u>\$ 394,390</u>

HUDSON RIVER COMMUNITY SAILING INC.

Notes to the Financial Statements

November 30, 2024

NOTE 7 – DEFERRED REVENUE-REVENUE RECOGNITION (continued)

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, 2024 covering the 2025 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.

NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS-BOARD DESIGNATED

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, 2024, net assets without donor restrictions consisted of the following:

Non-Operating Reserves	\$ 100,000
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NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets as of November 30, 2024 consist of cash and cash equivalent balances and are available for the following purposes:

Sailing Lessons and Academy	\$ 155,000
Total	\$ 155,000

NOTE 10 – GOVERNMENT GRANTS

During the fiscal year ended November 30, 2024, the Organization was awarded a grant by a governmental entity. Total revenue recognized under the grants amounted to:

NYC Dept. of Youth and Community Development	\$ 90,000
Total	\$ 90,000

NOTE 11 – SPECIAL EVENTS

During fiscal year 2024 the Organization held two fundraising event. The results of the events are noted below:

Revenue	\$ 620,397
Less: Expenses	(151,959)
Net	\$ 468,438

Includes in-kind revenue and expense in the amount of \$55,572.

NOTE 12 – RESTRICTED NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions as expenses were incurred which simultaneously satisfied the restricted purposes of the funds. Net assets released during the year ended November 30, 2024 are as follows:

Sailing Lessons and Academy	\$ 459,567
Total	\$ 459,567

HUDSON RIVER COMMUNITY SAILING INC.

Notes to the Financial Statements

November 30, 2024

NOTE 13 – PRIOR PERIOD ADJUSTMENT

Prior period adjustments for the year ended November 30, 2024 were from the following sources:

Deferred Revenue-Shelter Island	\$ 10,814
Cash	<u>491</u>
Total	<u>\$ 11,305</u>

NOTE 14 – 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, 2024, the projected annual permit and usage fees under this agreement are as follows:

Years ending November 30:

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, 2024, the projected annual payments expected to be received from the Sub-Permittee are as follows:

Years ending November 30:

2025	\$ 4,000
2026	4,000
2027	4,000
2028	4,000
2029-2031	12,000

NOTE 15 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and equivalents on deposit at financial institutions. The Organization has no formal policy which limits credit exposure for balances exceeding federal depository insurance limits by restricting the amount which may be deposited with any one financial institution. At November 30, 2024 total deposits in excess of federally insured limits amounted to \$194,343. The Organization's bank accounts are with a credit worthy, high quality financial institution. The Organization believes it is not exposed to any significant risk of loss of cash as the Organization has not experienced, nor does it anticipate, any losses in such accounts.

NOTE 16 – 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 year ended November 30, 2024 amounted to \$25,518.

NOTE 17 – COMPENSATED ABSENCES

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

HUDSON RIVER COMMUNITY SAILING INC.

Notes to the Financial Statements

November 30, 2024

NOTE 18 – VOLUNTEER CONTRIBUTED SERVICES

The Organization is assisted by volunteers who contributed services to the programs activities. The Organization estimates these volunteer hours during the fiscal year ended November 30, 2024 to be approximately 4,750. Volunteer services provided by volunteers are not recorded in these financial statements since they do not meet the criteria set forth in Note 2 under Donated Assets and Services.