



FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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Independent Auditor's Report

To the Board of Directors
Chesapeake Region Accessible Boating, Inc.
Annapolis, Maryland

We have audited the accompanying financial statements of Chesapeake Region Accessible Boating, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chesapeake Region Accessible Boating, Inc. as of December 31, 2017, 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.

Alta CPA Group, LLC

February 27, 2018

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Current Assets:		
Cash	\$	151,570
Investments		42,997
Contributions Receivable		<u>4,625</u>
Total Current Assets		199,192
Property and Equipment, Net of Accumulated Depreciation of \$85,369		<u>193,162</u>
Total Assets	\$	<u><u>392,354</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable and Accrued Expenses	\$	<u>9,660</u>
Total Current Liabilities		9,660
Net Assets:		
Unrestricted Net Assets		<u>382,694</u>
Total Net Assets		<u>382,694</u>
Total Liabilities and Net Assets	\$	<u><u>392,354</u></u>

See auditor's report and accompanying notes to financial statements.

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUE	
Contributions	\$ 120,580
In-Kind Contributions	58,000
Grants	162,850
Donated Boat Sales	83,450
Interest Income	727
Program Income	14,733
Special Events, Net of Expenses of \$21,685	<u>84,428</u>
Total Revenue	524,768
EXPENSES	
Program Services	254,670
Supporting Services:	
General and Administrative	27,445
Fundraising	<u>4,962</u>
Total Expenses	<u>287,077</u>
CHANGE IN NET ASSETS	237,691
NET ASSETS	
Beginning of Year	<u>145,003</u>
End of Year	<u><u>\$ 382,694</u></u>

See auditor's report and accompanying notes to financial statements.

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 5,283	\$ -	\$ -	\$ 5,283
Clinics	3,386	-	-	3,386
Depreciation	14,796	-	-	14,796
Donated Boat Expense	1,226	-	-	1,226
Dues and Subscriptions	4,192	607	118	4,917
Equipment Rental and Repairs	330	-	-	330
Event Expenses	21,904	-	-	21,904
Fleet Expenses	16,914	-	-	16,914
Fundraising Appeals	3,141	-	-	3,141
Insurance	7,630	1,105	215	8,950
Office Supplies	2,352	341	66	2,759
Outreach	1,113	-	-	1,113
Postage and Delivery	769	111	22	902
Professional Development	3,338	484	94	3,916
Professional Fees	5,842	846	164	6,852
Rent and Utilities	13,207	1,913	372	15,492
Salaries	137,146	19,868	3,861	160,875
Telephone	1,769	256	50	2,075
Trailer Rental and Utilities	4,161	-	-	4,161
Travel	4,629	-	-	4,629
Volunteer Events	1,542	-	-	1,542
Total Functional Expenses	\$ <u>254,670</u>	\$ <u>27,445</u>	\$ <u>4,962</u>	\$ <u>287,077</u>

See auditor's report and accompanying notes to financial statements.

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 237,691
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	14,796
In-Kind Donation of Property and Equipment	(58,000)
(Increase) Decrease in Grants and Contributions Receivable	(3,775)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	<u>6,508</u>
Net Cash Provided by Operating Activities	197,220
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(42,997)
Purchase of Property and Equipment	<u>(125,560)</u>
Net Cash Used by Investing Activities	(168,557)
CASH FLOWS FROM FINANCING ACTIVITIES	
	<u>-</u>
Net Increase in Cash	28,663
Cash Balance, Beginning of Year	<u>122,907</u>
Cash Balance, End of Year	<u>\$ 151,570</u>
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest Paid	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>

See auditor's report and accompanying notes to financial statements.

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Chesapeake Region Accessible Boating, Inc. (the Organization), is a 503(c)(3) nonprofit organization dedicated to making the thrill of sailing a reality for physically and/or developmentally-challenged individuals and for those individuals whose financial circumstances preclude their participation in recreation on the waters of the Chesapeake Bay. The Organization is primarily supported by grants and contributions.

Basis of Accounting

The financial statements of Chesapeake Region Accessible Boating, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization's financial reporting classifies resources, for accounting and reporting purposes, into three net asset categories according to externally (donor) imposed restrictions. The Organization records unconditional promises to give (pledges) as receivables and revenues and distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows.

- Permanently Restricted - the portion of the net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Temporarily Restricted - the portion of the net assets resulting from contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Unrestricted - the portion of the net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Uses of Estimates

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

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Certificates of Deposit

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

The Organization has adopted FASB ASC 320 "Investments in Debt and Equity Securities." In accordance with the standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income is reported as increases in unrestricted net assets.

Fair Value Measurements

Financial assets and liabilities valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. For certain long term debt, the fair value was based on present value techniques using inputs derived principally or corroborated from market data. Financial assets and liabilities using level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing their asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Accounts Receivable and Promises to Give

The Organization uses the allowance method of accounting for bad debts. The allowance for uncollectible promises to give is established based upon management's estimate of collectibility taking into consideration historical collection experience. Accounts are written off as management deems them uncollectible. There was no allowance for uncollectible promises at December 31, 2017. All receivables are considered collectible within one year.

Property and Equipment

Property and equipment additions are capitalized at \$1,000 and higher, and are recorded at cost if purchased or fair market value at the date of acquisition for donations. Minor additions and renewals are expensed in the year incurred. Major additions and renewals are capitalized and depreciated using accelerated depreciation methods over their estimated useful lives, generally 5-7 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities.

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is recognized when earned. Contributions are reported when an unconditional promise to give is received.

Advertising Expense

All advertising costs are expensed as incurred.

Expense Allocation

Expenses are allocated between program services, management and general support, and fundraising in accordance with generally accepted accounting principles and have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

Chesapeake Region Accessible Boating, Inc. is exempt from income taxes under Internal Revenue Code 501(c)(3). In addition, the Organization qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Organization's informational return filings are subject to audit by the Internal Revenue Service, generally for three years after filing.

Subsequent Events

The Organization evaluated subsequent events through the date that the financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to February 27, 2018 that would have a material impact on the financial statements.

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 consisted of the following:

Office Equipment	\$ 2,995
Furniture and Fixtures	<u>275,536</u>
 Total	 278,531
 Less: Accumulated Depreciation	 <u>(85,369)</u>
 Property and Equipment, Net	 \$ <u>193,162</u>

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and certificates of deposit in high credit quality financial institutions. At times, the balances may exceed the federally insured limits of \$250,000. At December 31, 2017, the Organization had no amounts that exceeded the insured limits.

NOTE 4 - FAIR VALUE MEASUREMENTS

The Organization has determined the fair value of certain assets and liabilities through application of FASB ASC 820, "Fair Value Measurements and Disclosures." The following tables present the Organization's fair value hierarchy for the above assets and liabilities measured at fair value on a recurring basis as of December 31, 2017:

<u>2017</u>	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	<u>Total</u>
Equities	\$ <u>42,997</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>42,997</u>