



FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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Independent Auditor's Report

To the Board of Directors of
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 statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. 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, 2020 and 2019, 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.

Alta CPA Group, LLC

May 10, 2021

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2020 AND 2019

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash	\$ 58,333	\$ 41,509
Investments	533,009	248,454
Contributions Receivable	<u>74,600</u>	<u>9,441</u>
Total Current Assets	665,942	299,404
Property and Equipment, Net of Accumulated Depreciation of \$150,404 and \$138,454, Respectively	<u>75,172</u>	<u>82,042</u>
Total Assets	<u>\$ 741,114</u>	<u>\$ 381,446</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accounts Payable and Accrued Expenses	<u>\$ 19,529</u>	<u>\$ 15,525</u>
Total Current Liabilities	19,529	15,525
Net Assets:		
Net Assets Without Donor Restrictions	646,985	365,921
Net Assets With Donor Restrictions	<u>74,600</u>	<u>-</u>
Total Net Assets	<u>721,585</u>	<u>365,921</u>
Total Liabilities and Net Assets	<u>\$ 741,114</u>	<u>\$ 381,446</u>

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

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
STATEMENTS OF ACTIVITIES
DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions	\$ 336,148	\$ 74,600	\$ 410,748	\$ 87,706	\$ -	\$ 87,706
In-Kind Contributions	4,500	-	4,500	2,700	-	2,700
Grants	104,929	-	104,929	101,143	-	101,143
Donated Boat Sales	138,000	-	138,000	107,256	-	107,256
Investment Income	26,884	-	26,884	13,602	-	13,602
Other Income	2,070	-	2,070	-	-	-
Program Income	970	-	970	21,106	-	21,106
Special Events	150,419	-	150,419	120,989	-	120,989
Total Revenue	763,920	74,600	838,520	454,502	-	454,502
EXPENSES						
Program Services	405,852	-	405,852	347,442	-	347,442
Supporting Services:						
General and Administrative	54,455	-	54,455	44,184	-	44,184
Fundraising	22,549	-	22,549	17,654	-	17,654
Total Expenses	482,856	-	482,856	409,280	-	409,280
CHANGE IN NET ASSETS	281,064	74,600	355,664	45,222	-	45,222
NET ASSETS						
Beginning of Year	365,921	-	365,921	320,699	-	320,699
End of Year	<u>\$ 646,985</u>	<u>\$ 74,600</u>	<u>\$ 721,585</u>	<u>\$ 365,921</u>	<u>\$ -</u>	<u>\$ 365,921</u>

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

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

	2020				2019			
	Program Services	Administrative	Fundraising	Total	Program Services	Administrative	Fundraising	Total
Advertising	4,268	\$ -	\$ -	\$ 4,268	\$ 11,933	\$ -	\$ -	\$ 11,933
Bank and Credit Card Fees	-	1,031	-	1,031	-	2,403	-	2,403
Depreciation	11,950	-	-	11,950	16,538	-	-	16,538
Design - Adaptive Boating Center	17,914	-	-	17,914	4,000	-	-	4,000
Donated Boat Expense	26,683	-	-	26,683	7,930	-	-	7,930
Dues and Subscriptions	4,440	777	333	5,550	3,771	660	283	4,714
Equipment Rental and Repairs	335	-	-	335	1,710	-	-	1,710
Event Expenses	-	-	-	-	22,515	-	-	22,515
Fleet Expenses	9,257	-	-	9,257	26,014	-	-	26,014
Fundraising Appeals	-	-	-	-	-	-	93	93
Insurance	14,343	808	-	15,151	9,547	808	-	10,355
Office Supplies	5,091	891	382	6,364	1,620	284	122	2,026
Outreach	440	-	-	440	1,247	-	-	1,247
Postage and Delivery	1,699	297	127	2,123	1,500	263	113	1,876
Professional Development	2,147	376	161	2,684	2,028	355	152	2,535
Professional Fees	21,650	3,789	1,624	27,063	31,985	5,597	2,399	39,981
Program expenses /Grant expenditures	5,446	-	-	5,446	-	-	-	-
Rent and Utilities	15,374	2,690	1,153	19,217	12,660	2,216	950	15,826
Salaries	248,976	43,571	18,673	311,220	179,145	31,350	13,436	223,931
Telephone	1,286	225	96	1,607	1,414	248	106	1,768
Trailer Rental and Utilities	3,892	-	-	3,892	3,312	-	-	3,312
Travel	2,803	-	-	2,803	5,660	-	-	5,660
Volunteer Events	7,858	-	-	7,858	2,913	-	-	2,913
Total Functional Expenses	405,852	\$ 54,455	\$ 22,549	\$ 482,856	\$ 347,442	\$ 44,184	\$ 17,654	\$ 409,280

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

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 355,664	\$ 45,222
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	11,950	16,538
Unrealized Gain on Investments	(19,777)	(10,594)
(Increase) Decrease in Grants and Contributions Receivable	(65,159)	609
Increase (Decrease) in Accounts Payable and Accrued Liabilities	<u>4,004</u>	<u>7,553</u>
Net Cash Provided by Operating Activities	286,682	59,328
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(416,278)	(111,481)
Proceeds from Sale of Investments	151,500	-
Purchase of Property and Equipment	<u>(5,080)</u>	<u>(11,100)</u>
Net Cash Used by Investing Activities	(269,858)	(122,581)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	16,824	(63,253)
Cash Balance, Beginning of Year	<u>41,509</u>	<u>104,762</u>
Cash Balance, End of Year	<u>\$ 58,333</u>	<u>\$ 41,509</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

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

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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.

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. The governing board may designate a portion of these net assets for specific purposes.

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, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

As of December 31, 2020 all net assets are without restrictions except for time restricted promises to give expected to be received within one year.

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 YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019. 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 YEARS ENDED DECEMBER 31, 2020 AND 2019

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 May 10, 2021 that would have a material impact on the financial statements.

NOTE 2 - 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, 2020, the Organization had no amounts that exceeded the insured limits.

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 - 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, 2020 and 2019:

<u>2020</u>	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	<u>Total</u>
Equities	\$ 82,530	\$ ---	\$ ---	\$ 82,530
Cash Equivalents	443,562	---	---	443,562
Mutual Funds	<u>6,917</u>	<u>---</u>	<u>---</u>	<u>6,917</u>
Totals	\$ <u>533,009</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>533,009</u>

<u>2019</u>	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	<u>Total</u>
Equities	\$ 55,341	\$ ---	\$ ---	\$ 55,341
Cash Equivalents	183,286	---	---	183,286
Mutual Funds	<u>9,827</u>	<u>---</u>	<u>---</u>	<u>9,827</u>
Totals	\$ <u>248,454</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>248,454</u>

NOTE 4 - LIQUIDITY AND AVAILABILITY

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Financial assets are available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet, comprise of the following:

Cash and Cash Equivalents	\$ 58,333
Investments	533,009
Contributions Receivable	<u>74,600</u>
Total	\$ <u>665,942</u>

CHESAPEAKE REGION ACCESSIBLE BOATING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Office Equipment	\$ 1,058	1,058
Inventory	4,500	---
Computer Equipment	580	---
Leasehold Improvements	1,075	1,075
Boats	<u>218,363</u>	<u>218,363</u>
 Total	 225,576	 220,496
 Less: Accumulated Depreciation	 <u>(150,404)</u>	 <u>(138,454)</u>
 Property and Equipment, Net	 \$ <u><u>75,172</u></u>	 <u><u>82,042</u></u>

NOTE 6 - ADAPTIVE BOATING CENTER

The Organization has entered into an agreement with the City of Annapolis whereby CRAB will lease property for the purpose of providing boating instruction and education programs for people with disabilities, and conduct events to support its operations for the benefit of the Annapolis Adaptive Boating Center. The term of the lease is 20 years terminating on June 30, 2040. CRAB has an option to extend the lease for two additional 10 year periods. There are no payments required by the lease.

Related to entering into the lease agreement with the City CRAB entered into an agreement with the property's former owner that requires monthly payments of \$2,500 for one year and then monthly payments of \$2,000 for an additional two years. The future payments are as follows:

2021	\$ 29,500
2022	24,000
2023	<u>22,000</u>
 Total	 \$ <u><u>75,500</u></u>