

**BECZAK ENVIRONMENTAL  
EDUCATION CENTER, INC.**

**FINANCIAL STATEMENTS**

**June 30, 2004**

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**Independent Auditors' Report**

**To the Board of Directors  
Beczak Environmental  
Education Center, Inc.**

We have audited the accompanying statement of financial position of Beczak Environmental Education Center, Inc. (a not-for-profit organization) as of June 30, 2004, and the related statement of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2003 financial statements and in our report dated April 26, 2004 we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beczak Environmental Education Center, Inc. as of June 30, 2004 and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



**Mount Kisco, New York  
October 1, 2004**

**BECZAK ENVIRONMENTAL  
EDUCATION CENTER, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2004**

**(With Comparative Totals as of June 30, 2003)**

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 63,526	\$ 63,151
Investments, at market (Note 7)	9,489	8,379
Grant & program receivable	113,583	184,252
Other receivable	249	544
Prepaid expenses	<u>1,469</u>	<u>775</u>
<b>Total current assets</b>	<b><u>188,316</u></b>	<b><u>257,101</u></b>
<b>Fixed Assets:</b>		
Equipment	11,529	2,383
Leasehold improvements	<u>656,951</u>	<u>463,171</u>
	668,480	465,554
Less: depreciation & amortization	<u>(70,259)</u>	<u>(113)</u>
Net fixed assets	<u>598,221</u>	<u>465,441</u>
<b>Total assets</b>	<b><u>\$ 786,537</u></b>	<b><u>\$ 722,542</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>  		
Accounts payable and accrued expenses	\$ 63,616	\$ 72,794
Line of credit (Note 5)	<u>-</u>	<u>23,000</u>
<b>Total current liabilities</b>	<b><u>63,616</u></b>	<b><u>95,794</u></b>
<b>Commitments and contingencies (Note 4)</b>		
<b>Net Assets:</b>		
Unrestricted (Note 2 )	707,201	602,108
Temporarily restricted (Note 2)	15,720	24,640
Permanently restricted	<u>-</u>	<u>-</u>
<b>Total Net Assets</b>	<b><u>722,921</u></b>	<b><u>626,748</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 786,537</u></b>	<b><u>\$ 722,542</u></b>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**BECZAK ENVIRONMENTAL  
EDUCATION CENTER, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**For the Year Ended June 30, 2004**

**(With Comparative Totals for the Year Ended June 30, 2003)**

	<u>2004</u>			<u>2003</u> <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
<b>Revenue &amp; Other Support:</b>				
Construction grants (Note 6)		\$ 167,850	\$ 167,850	\$ 79,338
Program fees	\$ 48,605		48,605	63,001
Government grants		38,034	38,034	206,193
Donations	36,681		36,681	36,739
Foundation grants		22,485	22,485	25,000
Fund raising events	14,175		14,175	15,016
Corporate donations	7,000		7,000	3,650
Investment income	340		340	482
Unrealized gain (loss)	770		770	-
<b>Net assets released from restrictions:</b>				
Satisfaction of program restrictions	<u>237,289</u>	<u>(237,289)</u>	<u>-</u>	<u>-</u>
<b>Total Revenue &amp; Other Support</b>	<b><u>344,860</u></b>	<b><u>(8,920)</u></b>	<b><u>335,940</u></b>	<b><u>429,419</u></b>
<b>Expenses:</b>				
Program expenses	170,848		170,848	224,022
Administrative expenses	64,433		64,433	22,500
Fundraising	<u>4,486</u>		<u>4,486</u>	<u>5,068</u>
<b>Total Expenses</b>	<b><u>239,767</u></b>		<b><u>239,767</u></b>	<b><u>251,590</u></b>
<b>Increase (decrease) in net assets</b>	<b>105,093</b>	<b>(8,920)</b>	<b>96,173</b>	<b>177,829</b>
<b>Net assets, beginning of fiscal year</b>	<b><u>602,108</u></b>	<b><u>24,640</u></b>	<b><u>626,748</u></b>	<b><u>448,919</u></b>
<b>Net assets, end of fiscal year</b>	<b>\$ <u>707,201</u></b>	<b>\$ <u>15,720</u></b>	<b>\$ <u>722,921</u></b>	<b>\$ <u>626,748</u></b>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**BECZAK ENVIRONMENTAL  
EDUCATION CENTER, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2004  
(With Comparative Totals for the Year Ended June 30, 2003)**

	<u>2004</u>				<u>2003</u> <u>Total</u>
	<u>Program</u> <u>Expenses</u>	<u>Administrative</u> <u>Expenses</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 66,374	\$ 41,458	\$ 2,163	\$ 109,995	\$ 106,747
Fringe benefits	8,069	4,902	402	13,373	11,100
Office supplies	5,196	4,139		9,335	5,818
Occupancy	5,784	3,465		9,249	5,047
Insurance	6,555	535		7,090	3,657
Accounting fees		6,998		6,998	8,157
Program supplies	2,664			2,664	6,055
Transportation	2,529	132		2,661	12,039
Printing	289	854	903	2,046	2,908
Consultants	2,021			2,021	82,695
Postage & shipping	376	686	270	1,332	1,765
Exhibit & display	775			775	-
Special events		394	295	689	4,767
Marketing & promotion		190	453	643	301
Dues & subscription	70	170		240	250
Interest expense		510		510	171
Depreciation and amortization	<u>70,146</u>			<u>70,146</u>	<u>113</u>
<b>Total Expenses</b>	<b>\$ <u>170,848</u></b>	<b>\$ <u>64,433</u></b>	<b>\$ <u>4,486</u></b>	<b>\$ <u>239,767</u></b>	<b>\$ <u>251,590</u></b>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**BECZAK ENVIRONMENTAL  
EDUCATION CENTER, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2004  
(With Comparative Totals for the Year Ended June 30, 2003)**

	<u>2004</u>	<u>2003</u>
<b>Cash flows from Operating Activities:</b>		
Increase in net assets	\$ 96,173	\$ 177,829
<b>Adjustments to reconcile increase (decrease) in net assets     to net cash provided by operating activities:</b>		
Depreciation and amortization	70,146	113
(Increase) decrease in grant & program receivable	70,669	(160,112)
Decrease in other receivable	295	3,228
(Increase) in prepaid expenses	(694)	(775)
Increase (decrease) in accounts payable and accrued expenses	<u>(9,178)</u>	<u>68,744</u>
<b>Net cash provided by operating activities</b>	<u>227,411</u>	<u>89,027</u>
<b>Cash flows from Investing Activities:</b>		
Purchase of fixed assets	(202,926)	(118,754)
(Increase) decrease in investments, at market	<u>(1,110)</u>	<u>509</u>
<b>Net cash (used) by for investing activities</b>	<u>(204,036)</u>	<u>(118,245)</u>
<b>Cash flows from Financing Activities:</b>		
Advance (repayment) in line of credit	<u>(23,000)</u>	<u>23,000</u>
<b>Cash provided by (used) financing activities</b>	<u>(23,000)</u>	<u>23,000</u>
<b>Net decrease in cash and cash equivalents</b>	375	(6,218)
<b>Cash and cash equivalents, beginning of fiscal year</b>	<u>63,151</u>	<u>69,369</u>
<b>Cash and cash equivalents, end of fiscal year</b>	\$ <u>63,526</u>	\$ <u>63,151</u>

**Supplemental disclosures of cash flow information:**

**Cash paid during the year for:**

Interest	\$ 510	\$ 171
Income taxes	\$ -0-	\$ -0-

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**BECZAK ENVIRONMENTAL  
EDUCATION CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

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**Note 1 – Organization:**

Beczak Environmental Education Center, Inc. (the “Organization”) was incorporated on May 13, 1992 to sponsor and promote environmental education programs that will enhance an understanding and appreciation of the natural and aquatic resources of the Hudson River and its tributaries. The Organization has been granted exemption from federal income tax pursuant to section 501(c)(3) of the Internal Revenue code.

**Note 2 – Summary of Significant Accounting Policies:**

- a. The financial statements of the Organization are presented on the accrual basis of accounting. The accrual basis recognizes revenues when earned and expenses when the obligation is incurred.
- b. The Organization’s financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-For-Profit Organizations”. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, based on the existence or absence of donor imposed restrictions. Temporarily restricted net assets are funds designated by grantors for leasehold improvements, equipment and furniture.
- c. Public support and other net revenues received during the current fiscal year are used to fund programs and operations planned for the subsequent year to provide for the continuity of programs. A portion of unrestricted net assets is available for unfunded commitments, program supplementation, and operating contingencies directed by specific action of the Board of Directors and is reserved for the continuity of the Organization’s general activities and to meet emergency demands.
- d. The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses.

The breakdown of functional expenses into program services, and supporting services is as provided by management using their best estimates as to the appropriate allocation.

- e. The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**BECZAK ENVIRONMENTAL  
EDUCATION CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

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**(Continued)**

**Note 2 – Summary of Significant Accounting Policies (continued):**

- f. A substantial number of volunteers made significant contributions of their time to the Organization's programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.**
- g. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.**

**Note 3 – Fixed Assets:**

**Equipment and Leasehold improvements are stated at cost, net of accumulated depreciation. The amounts do not purport to represent replacement or realizable values. Leasehold improvements are depreciated over the remaining lease term. Equipment is recorded using the straight-line method based on the estimated useful life of 7 years.**

**Note 4 – Commitments and Other Contingencies:**

- a. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.**
- b. Pursuant to the Organization's contractual relationships with certain funding sources, outside agencies have the right to examine the books and records of the Organization involving transactions relating to these contracts. The accompanying financial statements make no provision for possible disallowances which could be substantial in amount, in the opinion of Management, any actual disallowances would be immaterial.**
- c. The Organization has a operating lease agreement for the environmental center. Future annual minimum lease payments due under this noncancelable lease as of June 30, 2004, is \$1 per annum. The lease term expires December 29, 2011.**
- d. Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time to time may exceed the federal depository insurance coverage limits.**

**BECZAK ENVIRONMENTAL  
EDUCATION CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

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**(Continued)**

**Note 5 – Line of Credit:**

The Organization has a \$25,000 available line of credit with Bank of America. The outstanding balance bears interest at the rate of the Prime Rate plus 2.5% per annum. The balance as of June 30, 2003 of \$23,000 was paid in full on August 8, 2003.

**Note 6 – Construction Grants:**

For the fiscal year ended June 30, 2004, New York State was the major funder for the leasehold improvement construction. The construction, which began in 2001 was significantly completed in April of 2004.

**Note 7 – Investments:**

Investments are stated at market value as of June 30, 2003. As of June 30, 2003, investments are comprised of stock and mutual funds. Cost basis is not readily available. Management has determined that it is not significantly different from fair market value.

**Note 8 – Reclassification:**

Certain reclassifications may have been made to some prior year account balances in order to conform to current year presentation.

**Note 9 – Comparative Totals:**

The amounts shown for the year ended June 30, 2003 in the accompanying financial statements are included to provide a basis for comparison with June 30, 2004 and present summarized totals only. Accordingly, the June 30, 2003 amounts are not intended to present all information necessary for a fair presentation in conformity with generally accepted accounting principles.