

**BECZAK ENVIRONMENTAL
EDUCATION CENTER, INC.**

FINANCIAL STATEMENTS

June 30, 2005

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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, 2005, and the related statement of activities and changes in net assets, statement of functional expenses and statement of 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, 2004 financial statements and in our report dated October 1, 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, 2005 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.

 , CPA PC

Mount Kisco, New York
November 21, 2005

**BECZAK ENVIRONMENTAL
EDUCATION CENTER, INC.**

STATEMENT OF FINANCIAL POSITION

June 30, 2005

(With Comparative Totals as of June 30, 2004)

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
Cash and cash equivalents	\$ 136,625	\$ 63,526
Investments, at market (Note 7)	-	9,489
Grant & program receivable	73,254	113,583
Other receivable	187	249
Prepaid expenses	<u>7,027</u>	<u>1,469</u>
 Total Current Assets	 <u>217,093</u>	 <u>188,316</u>
 Fixed Assets:		
Equipment	17,529	11,529
Leasehold improvements	<u>670,127</u>	<u>656,951</u>
	687,656	668,480
Less: depreciation & amortization	<u>(151,262)</u>	<u>(70,259)</u>
 Net fixed assets	 <u>536,394</u>	 <u>598,221</u>
 Total Assets	 \$ <u>753,487</u>	 \$ <u>786,537</u>
 <u>LIABILITIES AND NET ASSETS</u>		
 Accounts payable and accrued expenses	 \$ <u>64,837</u>	 \$ <u>63,616</u>
 Total Current Liabilities	 <u>64,837</u>	 <u>63,616</u>
 Commitments and contingencies (Note 4)		
 Net Assets:		
Unrestricted	627,890	707,201
Temporarily restricted	60,760	15,720
Permanently restricted	<u>-</u>	<u>-</u>
 Total Net Assets	 <u>688,650</u>	 <u>722,921</u>
 Total Liabilities and Net Assets	 \$ <u>753,487</u>	 \$ <u>786,537</u>

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, 2005

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

	2005			2004 Total
	Unrestricted	Temporarily Restricted	Total	
Revenue & Other Support:				
Government grants		\$ 59,554	\$ 59,554	\$ 38,034
Donations	\$ 46,365		46,365	36,681
Fundraising events	45,946		45,946	14,175
Foundation grants		42,700	42,700	22,485
Corporate donations	15,500	20,000	35,500	7,000
Program fees	25,827		25,827	48,605
Construction grants (Note 6)			-	167,850
Investment income	545		545	340
Unrealized gain (loss)			-	770
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>63,974</u>	<u>(63,974)</u>	<u>-</u>	<u>-</u>
Total Revenue & Other Support	<u>211,397</u>	<u>45,040</u>	<u>256,437</u>	<u>335,940</u>
Expenses:				
Program expenses	217,055		217,055	170,848
Administrative expenses	57,924		57,924	64,433
Fundraising	<u>15,729</u>	<u> </u>	<u>15,729</u>	<u>4,486</u>
Total Expenses	<u>290,708</u>	<u> </u>	<u>290,708</u>	<u>239,767</u>
Increase (decrease) in net assets	(79,311)	45,040	(34,271)	96,173
Net assets, beginning of fiscal year	<u>707,201</u>	<u>15,720</u>	<u>722,921</u>	<u>626,748</u>
Net assets, end of fiscal year	\$ <u>627,890</u>	\$ <u>60,760</u>	\$ <u>688,650</u>	\$ <u>722,921</u>

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, 2005
(With Comparative Totals for the Year Ended June 30, 2004)**

	<u>2005</u>			<u>2004</u>	
	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>		<u>Total</u>
	<u>Expenses</u>	<u>Expenses</u>			
Salaries	\$ 84,970	\$ 39,101	\$ 2,163	\$ 126,234	\$ 109,995
Fringe benefits	7,426	3,417	189	11,032	13,373
Occupancy	11,334	3,465		14,799	9,249
Marketing & promotion			12,071	12,071	643
Office supplies	7,028	1,760		8,788	9,335
Printing	5,558	854	903	7,315	2,046
Insurance	4,407	1,587		5,994	7,090
Transportation	4,951			4,951	2,661
Accounting fees		4,918		4,918	6,998
Program supplies	4,463			4,463	2,664
Consultants	4,029			4,029	2,021
Postage & shipping	376	1,768	270	2,414	1,332
Exhibit & display	1,440			1,440	775
Dues & subscription	70	660		730	240
Special events		394	133	527	689
Interest expense				-	510
Depreciation and amortization	<u>81,003</u>	<u> </u>	<u> </u>	<u>81,003</u>	<u>70,146</u>
Total Expenses	\$ <u>217,055</u>	\$ <u>57,924</u>	\$ <u>15,729</u>	\$ <u>290,708</u>	\$ <u>239,767</u>

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, 2005
(With Comparative Totals for the Year Ended June 30, 2004)
(Increase (Decrease) in Cash and Cash Equivalents)**

	<u>2005</u>	<u>2004</u>
Cash flows from Operating Activities:		
Increase (decrease) in net assets	\$ (34,271)	\$ 96,173
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	81,003	70,146
Decrease in grant & program receivable	40,329	70,669
Decrease in other receivable	62	295
(Increase) in prepaid expenses	(5,558)	(694)
Increase (decrease) in accounts payable and accrued expenses	<u>1,221</u>	<u>(9,178)</u>
Net cash provided (used) by operating activities	<u>82,786</u>	<u>227,411</u>
Cash flows from Investing Activities:		
Purchase of fixed assets	(19,176)	(202,926)
(Increase) decrease in investments, at market	<u>9,489</u>	<u>(1,110)</u>
Net cash (used) by for investing activities	<u>(9,687)</u>	<u>(204,036)</u>
Cash flows from Financing Activities:		
Advance (repayment) in line of credit	<u>-</u>	<u>(23,000)</u>
Cash provided (used) by financing activities	<u>-</u>	<u>(23,000)</u>
Net increase (decrease) in cash and cash equivalents	73,099	375
Cash and cash equivalents, beginning of fiscal year	<u>63,526</u>	<u>63,151</u>
Cash and cash equivalents, end of fiscal year	\$ <u>136,625</u>	\$ <u>63,526</u>

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest	\$ -0-	\$ 510
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, 2005

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.
- 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 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.
- 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.

**BECZAK ENVIRONMENTAL
EDUCATION CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

(Continued)

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

- 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.

Temporarily restricted net assets are designated for the following purposes:

	<u>2005</u>	<u>2004</u>
Educational Programs – Education Foundation	\$ 33,333	\$ -
Educational Programs – NYCEF	14,903	10,000
Internship Program	10,034	-
Equipment and Furniture	<u>2,490</u>	<u>5,720</u>
Total Temporarily Restricted	\$ <u>60,760</u>	\$ <u>15,720</u>

Note 3 – Fixed Assets:

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

Note 4 – Commitments and Other Contingencies:

- a. The preparation of financial statements in conformity with generally accepted accounting principles 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. Although such disallowances which could be substantial in amount, in the opinion of Management, any actual disallowances would be immaterial.

**BECZAK ENVIRONMENTAL
EDUCATION CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

(Continued)

Note 4 – Commitments and Other Contingencies (continued):

- c. The Organization has a operating lease agreement for the operation of the environmental center. Future annual minimum lease payments due under this noncancelable lease as of June 30, 2005, 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.

Note 5 – Line of Credit:

The Organization has a \$25,000 available line of credit with Bank of America which bears interest at the rate of the Prime Rate plus 2.5% per annum.

Note 6 – Construction Grants:

In prior years, 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:

All investments were liquidated as of June 30, 2005. As of June 30, 2004, investments are comprised of stock and mutual funds. Cost basis of the investments is not readily available and 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 – Tax Deferred Annuity Plan:

As of July 1, 2005, the Organization established a 403(b) Tax Deferred Annuity Plan (“Annuity Plan”). The Annuity Plan document provides a complete description of the Annuity Plan.

**BECZAK ENVIRONMENTAL
EDUCATION CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

(Continued)

Note 10 – Comparative Totals:

The amounts shown for the year ended June 30, 2004 in the accompanying financial statements are included to provide a basis for comparison with June 30, 2005 and present summarized totals only. Accordingly, the June 30, 2004 amounts are not intended to present all information necessary for a fair presentation in conformity with generally accepted accounting principles.