

DUXBURY BEACH RESERVATION, INC.

FINANCIAL STATEMENTS

OCTOBER 31, 2019

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III STATE STREET
BOSTON, MASSACHUSETTS 02109

TELEPHONE (617) 367-3250

FAX (617) 367-2511

www.bacallconniff.com

Independent Auditors' Report

To the Board of Directors of
Duxbury Beach Reservation, Inc.
(a nonprofit organization)

We have audited the accompanying financial statements of **Duxbury Beach Reservation, Inc.**, which comprise the statements of financial positions as of October 31, 2019 and 2018, and the related statements of activities, functional expenses, fund balances 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.

Auditors' Responsibility

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

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

Independent Auditors' Report (continued)

Basis for Qualified Opinion

As described in Note 1 to the financial statements, the Corporation does not capitalize fixed assets or record depreciation in the financial statements. Accounting principles generally accepted in the United States of America require that such property be capitalized and depreciated over its economic useful life. It was not practicable to determine the effects of capitalizing the fixed assets and recording depreciation on the financial statements.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of **Duxbury Beach Reservation, Inc.** as of October 31, 2019 and 2018 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BacalMcConniff Inc.

March 11, 2020

Duxbury Beach Reservation, Inc.
Statements of Financial Position
October 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash		
Rockland Trust Company - Checking	161,637	209,312
Rockland Trust - Preservation Society	7,559	7,453
Rockland Trust - Payroll Account	24,420	11,756
Surveying Escrow Account	<u>9,822</u>	<u>9,822</u>
Total Cash	203,438	238,343
Book Inventory	<u>22,977</u>	<u>25,287</u>
Total Current Assets	226,415	263,630
 <u>Investments</u>	 4,140,363	 4,309,896
 <u>Real Estate (Nominal Value)</u>	 <u>1</u>	 <u>1</u>
 <u>Total Assets</u>	 <u><u>4,366,779</u></u>	 <u><u>4,573,527</u></u>
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	818	-
Accrued Expenses	8,975	7,125
Rockland Trust Line of Credit	<u>-</u>	<u>149,948</u>
Total Current Liabilities	9,793	157,073
 <u>Net Assets Without Donor Restrictions</u>	 <u>4,356,986</u>	 <u>4,416,454</u>
 <u>Total Liabilities and Net Assets</u>	 <u><u>4,366,779</u></u>	 <u><u>4,573,527</u></u>

See independent auditors' report and accompanying notes.

Duxbury Beach Reservation, Inc.
Statements of Activities
For the Years Ended October 31, 2019 and 2018

	2019	2018
<u>Changes in Net Assets Without Donor Restrictions</u>		
Revenues:		
Town of Duxbury Rent	775,500	725,150
Parking	293,779	329,760
Interest and Dividends	92,373	96,819
Donations	123,375	96,095
Contributions - Cheers to 100 Years	385,198	-
Preservation Society (Net)	35,408	36,888
Miscellaneous Income	10,934	10,405
Duxbury Beach Book Sales	1,344	626
Total Revenues	1,717,911	1,295,743
Expenditures:		
Beach Maintenance	131,782	243,498
Endangered Species Program Expense	514,433	434,937
Payroll Expenses	196,130	163,160
Professional Services	105,216	64,933
Parking Expense	86,623	87,946
100 Years Expense	69,531	-
Bath House/Parking/Ramp Maintenance	57,168	48,869
Office Expenses	41,169	36,101
Insurance	25,358	23,174
Marketing and Advertising	18,039	5,405
Real Estate Taxes (Net)	7,058	3,956
Capital Purchases and Truck Expenses	6,217	6,035
Education Programs	5,146	-
Apparel Costs	5,135	-
High Pines Expenses	3,563	3,024
Miscellaneous	3,224	2,389
Clean-up Event	555	1,088
Bath House Beach/Dune	-	9,724
Signage Expense	-	2,021
High Pine Cottage	-	89,378
Total Expenditures	1,276,347	1,225,638
<u>Net Operating Revenue</u>	441,564	70,105
<u>Other Income/(Expense)</u>		
Net Realized Gains from Sale of Securities	186,715	252,110
Net Unrealized Gains/(Losses) from Securities Held	191,957	(292,601)
Grants	506,000	55,539
Special Projects	(1,385,704)	(684,609)
Total Other Income/(Expense)	(501,032)	(669,561)
<u>(Decrease) in Net Assets Without Donor Restrictions</u>	(59,468)	(599,456)
<u>Net Assets, Beginning</u>	4,416,454	5,015,910
<u>Net Assets, Ending</u>	4,356,986	4,416,454

See independent auditors' report and accompanying notes.

Duxbury Beach Reservation, Inc.
Statements of Functional Expenses
For the Year Ended October 31, 2019 with
Comparative Information for the Year Ended October 31, 2018

<u>Functional Expenses</u>	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>2019</u>	<u>2018</u>
Special Projects	1,385,704	-	-	1,385,704	684,609
Endangered Species Program Expense	514,433	-	-	514,433	434,937
Payroll Expenses	156,905	16,639	22,586	196,130	163,160
Beach Maintenance	131,782	-	-	131,782	243,498
Professional Services	27,913	28,091	49,212	105,216	64,933
Parking Expense	86,623	-	-	86,623	87,946
100 Years Expense	-	-	69,531	69,531	-
Bath House/Parking/Ramp Maintenance	57,168	-	-	57,168	48,869
Office Expenses	-	41,169	-	41,169	36,101
Insurance	-	25,358	-	25,358	23,174
Marketing and Advertising	-	-	18,039	18,039	5,405
Real Estate Taxes (Net)	7,058	-	-	7,058	3,956
Capital Purchases and Truck Expenses	6,217	-	-	6,217	6,035
Education Programs	5,146	-	-	5,146	-
Apparel Costs	5,135	-	-	5,135	-
Miscellaneous	3,224	-	-	3,224	2,389
High Pines Expenses	3,563	-	-	3,563	3,024
Clean-up Event	-	-	555	555	1,088
Bath House Beach/Dune	-	-	-	-	9,724
Signage Expense	-	-	-	-	2,021
High Pine Cottage	-	-	-	-	89,378
Total	<u>2,390,871</u>	<u>111,257</u>	<u>159,923</u>	<u>2,662,051</u>	<u>1,910,247</u>

See independent auditors' report and accompanying notes.

Duxbury Beach Reservation, Inc.
Statements of Cash Flows
For the Years Ended October 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Cash Provided by/(Applied to) Operating Activities</u>		
(Decrease) in Net Assets	(59,468)	(599,456)
Adjustments to reconcile net income to net cash provided by operating activities:		
Net Realized (Gains) on Sale of Securities	(186,715)	(252,110)
Net Unrealized (Gains)/Losses from Securities Held	<u>(191,957)</u>	<u>292,601</u>
Adjusted income to net cash	(438,140)	(558,965)
Changes in Operating Assets and Liabilities:		
Book Inventory	2,310	(2,340)
Accounts Payable	818	-
Accrued Expenses	<u>1,850</u>	<u>-</u>
Net cash (applied to) operating activities	<u>(433,162)</u>	<u>(561,305)</u>
<u>Cash Provided by/(Applied to) Investing Activities</u>		
Rockland Trust Line of Credit	(149,948)	-
Proceeds from/(Purchases of) Securities	<u>548,205</u>	<u>591,277</u>
Net cash provided by investing activities	<u>398,257</u>	<u>591,277</u>
<u>Increase/(Decrease) in Cash</u>	(34,905)	29,972
<u>Cash at Beginning of Year</u>	<u>238,343</u>	<u>208,371</u>
<u>Cash at End of Year</u>	<u><u>203,438</u></u>	<u><u>238,343</u></u>

See independent auditors' report and accompanying notes.

Duxbury Beach Reservation, Inc.
Notes to Financial Statements
October 31, 2019 and 2018

Note 1 - **Summary of Significant Accounting Policies**

Nature of Activities

The Reservation is a Massachusetts charitable corporation organized November 21, 1975 under Massachusetts General Laws Chapter 180 for the purpose of acquiring Duxbury Beach in the Towns of Duxbury and Plymouth, and properties adjacent to or in the vicinity of Duxbury Beach; to preserve the beach in its natural state as an environmental asset of the Commonwealth and as a barrier beach for the protection of the Towns of Duxbury, Kingston and Plymouth; and to operate for the people of Duxbury and the general public a recreational beach and incidental facilities in a manner consistent with the Corporation's primary ecological objective.

Basis of Accounting

The Reservation prepares its financial statements on the accrual basis of accounting.

Income Taxes

The Reservation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

The Reservation considers all investments with a maturity of three months or less to be cash equivalents.

Real Estate and Fixed Assets

The Reservation does not capitalize fixed assets or record depreciation in the financial statements.

The real estate consists of approximately 440 acres of beach and marshland and includes a building used as a bathhouse and refreshment stand. The real estate is carried on the books of account at a nominal value of \$1.00.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory

Inventory consists of the Duxbury Beach Book stated at cost.

Duxbury Beach Reservation, Inc.
Notes to Financial Statements
October 31, 2019 and 2018

Note 2 - **Investments**

Investments are measured at fair value in accordance with FASB ASC 820, Fair Measurements and Disclosures. FASB ASC 820 establishes a hierarchy to be used in determining the fair value of an asset to be sold or a liability to be transferred. The three levels of hierarchy are as follows:

Level 1 - Quoted prices that are available in active markets for identical assets or liabilities.

Level 2 - Pricing inputs other than quoted prices in active markets, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The investments held at October 31, 2019 consist of mutual funds which are considered level one assets (quoted prices in active markets for identical assets).

Under FASB ASC 320, Investments - Debt and Equity Securities, the organization is required to report investments at fair value on the statements of financial position and report realized and unrealized gains and losses in the statements of activities. At October 31, 2019 and 2018 net realized gains of \$186,715 and \$252,110 respectively, were reported. At October 31, 2019 and 2018 net unrealized gains of \$191,957 and net unrealized losses of \$292,601 respectively, were reported.

Investments are comprised of the following:

	2019		2018	
	Market	Cost	Market	Cost
US Treasury and Corporate bonds	\$ 1,225,553	\$ 1,192,432	\$ 1,283,890	\$ 1,315,143
Equities	1,705,078	1,380,500	1,330,458	1,064,687
Equity mutual funds	985,588	925,001	1,005,110	996,559
Fixed income mutual funds	160,904	160,353	605,758	621,946
Cash and equivalents	63,240	63,240	84,680	84,680
Total	<u>\$ 4,140,363</u>	<u>\$ 3,721,526</u>	<u>\$ 4,309,896</u>	<u>\$ 4,083,015</u>

Note 3 - **Notes Payable**

The Reservation has a line of credit of \$2,000,000 with Rockland Trust. Interest is payable monthly at the prime rate as listed in the Wall Street Journal. The line is secured by the real estate known as Duxbury Beach Park, located at 435 Gurnet Road in Duxbury, MA. There was no outstanding balance as of October 31, 2019. Interest paid was \$415 and \$7,213 for the years ended October 31, 2019 and 2018 respectively.

Duxbury Beach Reservation, Inc.
Notes to Financial Statements
October 31, 2019 and 2018

Note 4 - **Concentrations of Credit Risk**

The Reservation maintains accounts at a financial institution that is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There were no uninsured balances as of October 31, 2019.

Note 5 - **Subsequent Events**

The Reservation has evaluated subsequent events through March 11, 2020, the date that the financial statements were available to be issued.