

**Thompson Island Outward Bound  
Education Center, Inc. and  
Thompson Island Education Center, Inc.**

**Combined Financial Statements  
December 31, 2021**

**Thompson Island Outward Bound Education Center, Inc.  
and Thompson Island Education Center, Inc.**

**Combined Financial Statements**

**December 31, 2021**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of:

Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc.

**Opinion**

We have audited the accompanying combined financial statements of Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc., which comprise the combined statements of financial position as of December 31, 2021, and the related combined statements of activity and change in net assets, functional expenses and cash flows for the year then ended and the related combined notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc. as of December 31, 2021, and the related combined statements of activity and change in net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We have previously audited Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc.'s 2020 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated June 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.



Cree Alessandri & Strauss CPAs LLC

April 25, 2022

**Thompson Island Outward Bound Education Center, Inc.  
and Thompson Island Education Center, Inc.  
Combined Statements of Financial Position  
December 31, 2021 and 2020**

	<b>Assets</b>	
	<b>2021</b>	<b>2020</b>
<b>Current assets</b>		
Cash	\$ 2,468,178	\$ 1,662,340
Accounts receivable	793,850	118,770
Grants receivable	-	8,800
Pledges receivable	247,820	20,285
Inventory	-	27,828
Prepaid expenses	158,414	94,384
<b>Total current assets</b>	<b>3,668,262</b>	<b>1,932,407</b>
<b>Property and equipment</b>		
Land and buildings	18,133,462	17,373,524
Equipment	4,695,711	5,889,758
Capitalized lease equipment	-	11,695
	22,829,173	23,274,977
Less: Accumulated depreciation/amortization	(12,859,979)	(13,430,661)
<b>Total property and equipment</b>	<b>9,969,194</b>	<b>9,844,316</b>
<b>Other assets</b>		
Investments	9,312,606	8,766,685
Investment in LLC	31,878	31,878
Insurance retention deposit	-	11,289
<b>Total other assets</b>	<b>9,344,484</b>	<b>8,809,852</b>
<b>Total assets</b>	<b>\$ 22,981,940</b>	<b>\$ 20,586,575</b>
	<b>Liabilities and Net Assets</b>	
<b>Current liabilities</b>		
Accounts payable	\$ 364,804	\$ 43,433
Accrued expenses	160,726	243,138
Customer deposits and deferred revenue	160,744	359,109
<b>Total current liabilities</b>	<b>686,274</b>	<b>645,680</b>
<b>Total liabilities</b>	<b>686,274</b>	<b>645,680</b>
<b>Net assets</b>		
Without donor restrictions	12,221,785	10,641,803
With donor restrictions	10,073,881	9,299,092
<b>Total net assets</b>	<b>22,295,666</b>	<b>19,940,895</b>
<b>Total liabilities and net assets</b>	<b>\$ 22,981,940</b>	<b>\$ 20,586,575</b>

The Independent Auditor's Report and the accompanying notes  
are an integral part of these combined financial statements.

**Thompson Island Outward Bound Education Center, Inc  
and Thompson Island Education Center, Inc.  
Combined Statement of Activities and Net Assets  
For the Year ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
<b>Public support and revenues</b>				
Public support				
Contributions and grants	\$ 2,573,240	\$ 1,193,701	\$ 3,766,941	\$ 2,965,679
Special events, net	776,911		776,911	870,364
Total public support	<u>3,350,151</u>	<u>1,193,701</u>	<u>4,543,852</u>	<u>3,836,043</u>
Revenues				
Enterprise revenue	683,945	-	683,945	-
Outward Bound Professionals	343,258		343,258	42,293
Outward Bound Programs	58,814		58,814	14,800
Grants	2,311,073		2,311,073	946,305
Unrealized gain or (loss) on investments	-	284,376	284,376	989,874
Investment income	3,224	569,296	572,520	376,878
Other income	190,385		190,385	39,462
Endowment spend policy	450,000	(450,000)	-	-
Release of restricted funds	822,584	(822,584)	-	-
Total revenue	<u>4,863,283</u>	<u>(418,912)</u>	<u>4,444,371</u>	<u>2,409,612</u>
<b>Total public support and revenues</b>	<u>8,213,434</u>	<u>774,789</u>	<u>8,988,223</u>	<u>6,245,655</u>
<b>Expenses</b>				
Program services	4,542,193	-	4,542,193	3,403,730
General and administrative	1,094,462	-	1,094,462	835,542
Fundraising	996,797	-	996,797	1,013,487
<b>Total expenses</b>	<u>6,633,452</u>	<u>-</u>	<u>6,633,452</u>	<u>5,252,759</u>
<b>Change in net assets</b>	1,579,982	774,789	2,354,771	992,896
<b>Net assets, beginning of year</b>	<u>10,641,803</u>	<u>9,299,092</u>	<u>19,940,895</u>	<u>18,947,999</u>
<b>Net assets, end of year</b>	<u>\$ 12,221,785</u>	<u>\$ 10,073,881</u>	<u>\$ 22,295,666</u>	<u>\$ 19,940,895</u>

The Independent Auditor's Report and the accompanying notes  
are an integral part of these combined financial statements.

**Thompson Island Outward Bound Education Center, Inc  
and Thompson Island Education Center, Inc.  
Combined Statement of Functional Expenses  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)**

	Program Services				Supporting Services		Total 2021	Total 2020
	Outward Bound		Enterprise	Total Programs	General & Admin.	Fundraising		
	Programs	Professional						
<b>Payroll and related expenses</b>								
Salaries	\$ 1,162,444	\$ 140,925	\$ 697,656	\$ 2,001,025	\$ 559,846	\$ 715,916	\$ 3,276,787	\$ 2,801,792
Fringe benefits and payroll taxes	260,216	33,336	153,156	446,708	130,930	177,067	754,705	730,417
<b>Total payroll and related expenses</b>	<b>1,422,660</b>	<b>174,261</b>	<b>850,812</b>	<b>2,447,733</b>	<b>690,776</b>	<b>892,983</b>	<b>4,031,492</b>	<b>3,532,209</b>
Outside services	49,297	5,281	160,421	214,999	71,210	14,311	300,520	173,644
Depreciation	226,065	35,323	445,066	706,454	-	-	706,454	659,661
Food and beverage	30,818	-	198,933	229,751	974	-	230,725	10,221
Equipment and facilities rental	46,015	12,660	146,935	205,610	23,095	18,920	247,625	184,442
Insurance	83,187	13,865	180,240	277,292	20,871	-	298,163	256,493
Supplies	96,817	718	51,825	149,360	8,986	21,750	180,096	77,546
Utilities and gasoline	-	-	122,948	122,948	-	-	122,948	73,377
Dues and subscriptions	53,330	150	33,106	86,586	9,284	17,332	113,202	86,319
Credit card and financial fees	-	616	-	616	18,109	5,486	24,211	17,368
Professional fees	25,770	3,431	29,007	58,208	198,248	900	257,356	67,566
Travel and entertainment	6,379	1,401	104	7,884	11,026	2,424	21,334	15,729
Voice and data	8,521	1,593	6,116	16,230	5,508	8,203	29,941	41,464
Printing	993	-	-	993	5,704	10,848	17,545	17,631
Promotion	-	-	17,471	17,471	25,000	-	42,471	16,024
Postage and delivery	58	-	-	58	2,851	3,640	6,549	9,430
Miscellaneous	-	-	-	-	1,770	-	1,770	500
Bad debts expense	-	-	-	-	1,050	-	1,050	13,135
<b>Total expenses</b>	<b>\$ 2,049,910</b>	<b>\$ 249,299</b>	<b>\$ 2,242,984</b>	<b>\$ 4,542,193</b>	<b>\$ 1,094,462</b>	<b>\$ 996,797</b>	<b>\$ 6,633,452</b>	<b>\$ 5,252,759</b>

The Independent Auditor's Report and the accompanying notes are an integral part of these combined financial statements.

**Thompson Island Outward Bound Education Center  
and Thompson Island Education Center, Inc.  
Combined Statements of Cash Flows  
For the Year Ended December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 2,354,771	\$ 992,896
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	706,454	659,661
Bad debts	-	-
Unrealized (gain)/loss on investments	(284,376)	(1,137,194)
(Increase) Decrease in:		
Accounts and grants receivable	(666,281)	165,199
Pledges receivable	(227,535)	28,565
Prepaid expenses and other current assets	(64,028)	33,804
Inventory	27,828	3,221
Increase (Decrease) in:		
Accounts payable	322,580	(64,534)
Accrued expenses	(82,412)	(19,630)
Customer deposits and deferred revenue	(198,365)	188,808
<b>Net cash provided by operating activities</b>	<b>1,888,636</b>	<b>850,796</b>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(831,332)	(1,137,591)
Sale (purchase) of investments	(251,466)	270,422
<b>Net cash used by investing activities</b>	<b>(1,082,798)</b>	<b>(867,169)</b>
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>805,838</b>	<b>(16,373)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,662,340</b>	<b>1,678,713</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,468,178</b>	<b>\$ 1,662,340</b>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the year for:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

The Independent Auditor's Report and the accompanying notes  
are an integral part of these combined financial statements.

**Thompson Island Outward Bound Education Center, Inc.  
and Thompson Island Education Center, Inc.  
Notes to the Combined Financial Statements  
December 31, 2021**

Note 1 - NATURE OF OPERATIONS

Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc. ("the Organization") are not-for-profit organizations whose primary purpose is to provide outdoor adventure and challenging learning programs for young people from diverse economic backgrounds as well as adults seeking teambuilding and leadership programs. The programs are designed to build character development throughout all age groups and inspire youth to become leaders in society.

The Organization is a member of the Boston Harbor Islands Partnership ("the partnership"), an organization established in 1997 to coordinate management of the Boston Harbor Islands National Park, which includes Thompson Island. The partnership is comprised of a 13-member board representing various public and private agencies.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization's financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP) utilizing the accrual basis of accounting.

The combined financial statements include the account balances of both Organizations mentioned above. All material inter-entity balances and transactions have been eliminated in these combined financial statements.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable are charged to bad debt expense as they are deemed uncollectible based upon periodic review of aging and collections. Management is responsible for evaluating the current status of individual accounts and determining their collectability.

Promises to Give

Promises to give are recognized as contributions revenue in the period when the donor makes the promise to give. The promises to give are recorded as Net Assets without donor restrictions or Net Assets with donor restrictions. The restricted promises to give are released from Net Assets with donor restrictions when the restrictions are substantially met.

Inventory

Inventory consisting of food products, other merchandise held for sale or use, and fuel inventory is not maintained for financial statement purposes.

**Thompson Island Outward Bound Education Center, Inc.  
and Thompson Island Education Center, Inc.  
Notes to the Combined Financial Statements  
December 31, 2021**

Note 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Any expenditure for land, buildings, and equipment in excess of \$1,000 including significant renewals and betterments that extend the life of the asset are capitalized at cost. Donated assets are capitalized at the fair market value determined at the date of receipt. Depreciation is computed on the straight-line method over the estimated useful lives of the various assets.

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 as follows:

**Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

**Net Assets with Donor Restrictions** – Net assets subject to donor-imposed restriction. 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 those 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.

Accounting Pronouncement, ASU 2014-09, Revenue from Contracts with Customers

Effective January 1, 2018, the Organization adopted ASU 2014-09 guidance used to recognize revenue. Enterprise events and program service fees and payments under contracts are recorded as the contract terms are met with any funds received in advance deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The scope of the accounting update will not impact the manner of recording used by the Organization.

Accounting Pronouncement, ASU 2016-02, Leases, effective beginning after December 15, 2021

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclosing information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for leases with a term of twelve (12) months or longer. Leases will be classified as finance or operating leases with classification affecting the pattern and classification of the expense recognition in the combined statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021.

**Thompson Island Outward Bound Education Center, Inc.  
and Thompson Island Education Center, Inc.  
Notes to the Combined Financial Statements  
December 31, 2021**

Note 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income/loss is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses less investment expenses.

Donated Services and In-Kind Contributions

Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. Donated professional services and donated materials amounted to \$85,600 and \$53,475, respectively, for the year ended December 31, 2021, and are included in public support.

Donated marketable securities are reflected as contributions in the accompanying combined financial statements at the estimated fair market values at date of receipt.

Customer Deposits

The Organization records client fees as deposits until the relative program services have been performed, at which time they are recognized as revenues.

Expense Allocation

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expense require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a usage basis, as well as salaries and wages, benefits, payroll taxes, outside services, information technology, and insurance, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is exempt from federal income tax under Section 501(C) (3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a) (2). The Organization is also exempt from any state taxation. However, any income from activities not directly related to the Organizations exempt purpose is subject to both federal and state taxation.

Tax returns for years ended December 31, 2018, and prior are no longer available for review by the Internal Revenue Service.

Advertising Costs

Advertising costs (promotion) are expensed as incurred and amounted to \$42,471 and \$16,024 at December 31, 2021, and 2020, respectively.

**Thompson Island Outward Bound Education Center, Inc.  
and Thompson Island Education Center, Inc.  
Notes to the Combined Financial Statements  
December 31, 2021**

**Note 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total and not by net asset class. The information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Reclassifications

Certain reclassification of amounts previously reported have been made to the accompanying combined financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

Fair Value Measurements

The "Fair Value Measurements and Disclosures" topic in the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities

(Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the codification and its applicability to the Organization are described:

Level 1 – Pricing inputs are quoted prices available in active markets for identical investments as of the reporting date. As required by the codification, the Organization does not adjust the quoted price for these investments, even in situations where the Organization holds a large position, and a sale could reasonably impact the quoted price.

Level 2 – Pricing inputs are quoted prices for similar investments, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to these investments.

Level 3 – Pricing inputs are unobservable for the investment, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market that participants would use in pricing the asset or liability. Level 3 includes investments that are supported by little or no market activity.

**Thompson Island Outward Bound Education Center, Inc.  
and Thompson Island Education Center, Inc.  
Notes to the Combined Financial Statements  
December 31, 2021**

Note 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (continued)

As of December 31, 2021, the Organization's assets were comprised entirely of Level 1 assets, primarily mutual funds and cash and cash equivalents. The Organization had no assets valued at either Level 2 or Level 3 of the fair value hierarchy at December 31, 2021.

Subsequent Events

The management has evaluated subsequent events through April 25, 2022, the date at which the statements were approved and available for issuance.

Note 3 – RELATIONSHIP BETWEEN COMBINED ORGANIZATIONS

Thompson Island Outward Bound Education Center, Inc. and Thompson Island Education Center, Inc. are separate 501(C) (3) tax exempt organizations. The entities are financially interrelated with common management and Board oversight. The Organization's financial statements are presented as a combined entity, and all intercompany indebtedness, revenues and expenses have been eliminated.

Note 4 - PROMISES TO GIVE

Pledges receivable expected to be received in less than one year are recorded in current assets at net realizable value providing the pledge is not subject to conditions. Pledges expected to be received in greater than one year are recorded in other assets at the present value. Unconditional pledges receivable amounted to \$247,480 and \$20,285, at December 31, 2021, and 2020, respectively.

Note 5 – PROPERTY AND EQUIPMENT

The cost of property and equipment as of December 31, 2021, and 2020, is summarized as follows:

	<u>2021</u>	<u>2020</u>
Land and buildings	\$ 18,133,462	\$ 17,373,524
Equipment	4,160,384	5,062,472
Program equipment	535,327	827,286
Capital lease equipment	-	11,695
Total	<u>22,829,173</u>	<u>23,274,977</u>
Less: accumulated depreciation	<u>(12,859,979)</u>	<u>(13,430,661)</u>
Property and equipment, net	<u>\$ 9,969,194</u>	<u>\$ 9,844,316</u>

Depreciation expense for the years ended December 31, 2021, and 2020, was \$706,454 and \$659,661, respectively.

**Thompson Island Outward Bound Education Center, Inc.  
and Thompson Island Education Center, Inc.  
Notes to the Combined Financial Statements  
December 31, 2021**

**Note 6 – INVESTMENTS**

In accordance with the “Fair Value Measurements and Disclosures” topic in the FASB Accounting Standards Codification the Organization's investments are stated at fair value and consist primarily of mutual funds. The following schedule summarizes the components of investment return for the years ended December 31, 2021, and 2020:

	Without Donor Restrictions	With Donor Restrictions	2021 Total
Investment income (loss)	\$ 3,224	\$ 595,251	\$ 598,475
Investment fees	-	(25,955)	(25,955)
Net investment income	3,224	569,296	572,520
Unrealized gain (loss)	-	284,376	284,376
Total investment return	<u>\$ 3,224</u>	<u>\$ 853,672</u>	<u>\$ 856,896</u>
	Without Donor Restrictions	With Donor Restrictions	2020 Total
Investment income (loss)	\$ 9,981	\$ 383,565	\$ 393,546
Investment fees	-	(17,528)	(17,528)
Net investment income	9,981	366,037	376,018
Unrealized gain (loss)	(16,668)	1,007,402	990,734
Total investment return	<u>\$ (6,687)</u>	<u>\$ 1,373,439</u>	<u>\$ 1,366,752</u>

**Note 7 – LEASE COMMITMENTS**

The Organization executed a ten-year lease agreement in January 2019, with an April 27, 2019, commencement date, at an annual rental of \$163,215. The lease requires a security deposit in the amount of \$27,202, in the form of a letter of credit that the Organization obtained as of January 9, 2019.

Future minimum lease payments are as follows:

<u>December 31,</u>	<u>Amount</u>
2021	\$170,190
2022	\$174,375
2023	\$178,560
2024	\$182,745
2025	\$186,930
Thereafter	\$585,900

Rental expense for the facilities leases and operating equipment amounted to \$247,626 for 2021.

**Thompson Island Outward Bound Education Center, Inc.  
and Thompson Island Education Center, Inc.  
Notes to the Combined Financial Statements  
December 31, 2021**

Note 8 - PENSION PLAN

The Organization has a defined contribution 401(k) plan covering all eligible employees. All employees are eligible after six months of service and must be 21 years old. The employee may defer as a contribution to the plan up to 90% of compensation on a pre-tax basis to the limit prescribed by the Internal Revenue Code. All employee contributions are vested immediately.

The Plan allows the employer to make matching contributions. Pension expense for 2021 amounted to \$-0-.

Note 9 - LINE OF CREDIT

The Organization has a \$1,000,000 line of credit with a bank. The agreement contains certain covenants that the Organization must maintain, tested on an annual basis. Interest is based on the bank's prime rate. The line is on demand and is renewable every two years with June 15, 2022, the next renewal date. At December 31, 2021, there were no borrowings on the line.

Note 10 - CONCENTRATION OF CREDIT RISK

The Organization is potentially subject to concentrations of credit risk from financial instruments such as cash, investments, accounts receivable and pledge promises to give. Cash and investments are placed with financial institutions with limits to credit exposure to any one specific institution. Cash balances maintained by the Organization in bank deposits may at times exceed the federally insured limits. The Organization has not experienced any losses and believes it is not exposed to any significant risk. Credit risk with respect to accounts receivable and pledges are limited due to the numerous contributors and their dispersion across various industries and economic areas.

Note 11 - LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets available within one year to meet its general expenditures, reduced by amounts not available for general use because of contractual or donor-imposed restrictions at December 31, 2021.

Financial assets at year end:

Cash	\$ 2,468,178
Accounts receivable	793,850
Pledges receivable	247,820
	3,509,848

Less amounts not available to be used within one year:

Net assets with donor restrictions	(761,274)
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Financial assets available to meet general expenditures  
within one year

\$ 2,748,574

**Thompson Island Outward Bound Education Center, Inc.  
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Note 11 – LIQUIDITY AND AVAILABILITY (continued)

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, to the financial assets available to meet general expenditures over the next twelve months, the Organization anticipates collecting sufficient revenue to cover general operating expenditures. Also, the Organization maintains a line of credit in the amount of \$1,000,000, which could be drawn upon in the event of an unanticipated liquidity need.

Note 12 – PAYCHECK PROTECTION PROGRAM

The Organization received a loan in the amount of \$946,305 from Radius Bank through the Paycheck Protection Program established by the CARES Act (the "PPP Loan") on February 10, 2021. The loan program allows for forgiveness up to the full loan amount subject to approval from the Small Business Administration. The terms of the loan indicate that if certain conditions are met, which include use of the funds on qualifying costs, maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a two-year period, with a ten-month deferral of payments and interest will accrue at 1%.

The Organization has accounted for the PPP loan in accordance with Topic 605 and has recognized it as grant income on the statement of activities. The Organization applied for and received full forgiveness of the loan on April 21, 2022.

Note 13 – COVID

In March 2020, the World Health Organization declared COVID-19 a global pandemic, resulting in federal, state, and local governments mandating various restrictions. Due to public health concerns, and OBUSA and BPS guidelines, in-person and on-island programming and events were suspended for the summer and fall of 2020 and during that time Thompson Island Outward Bound Education Center (TIOBEC) did not receive revenue from programs and events. In 2021, As federal, state, and local mandates were eventually lifted, TIOBEC slowly resumed in-person and on-line programs and events having implemented necessary sanitation protocols and capacity considerations to operate safely. The Board of Trustees and management continue to monitor operational and financial contingency plans to ensure the safety of staff, students, and clients.

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Note 14 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021, and 2020 are comprised of:

<u>Donor</u>	<u>2021</u>	<u>2020</u>
Thomas Liversidge Endowment Fund	\$ 2,028,170	\$ 1,968,814
Island Infrastructure Endowment Fund	1,539,297	1,447,054
John F. and Dorothy H. Magee Endowment Fund	1,309,289	1,270,972
Campbell Family Endowment Fund	1,144,825	919,139
Other Endowment Investments	807,316	772,309
Other Funds	501,509	232,940
Esmond Harmsworth Endowment Fund	460,113	446,648
Dix-Jeffries Endowment Fund	324,651	315,150
Caleb and Rosemary Loring Endowment Fund	287,117	278,715
Frederick Webber Endowment Fund	280,087	271,890
Moseley Endowment Fund	204,844	198,849
Gladys and Tony Sakowich Endowed Scholarship Fund	201,138	195,251
Grant Walker Endowment Fund	189,581	184,033
Charles Tidd Baker Endowment Fund	154,640	150,115
John and Mary Brown Endowment Fund	113,691	110,364
Perera Endowment Fund	112,546	90,913
Capital Projects	103,653	78,106
Karen S. and Paul W. DiMaura Endowment Fund	100,181	-
Theodore Edson Parker Endowment Fund	94,790	92,016
Rick Guttenberg Endowed Scholarship Fund	91,443	69,745
Scholarships	25,000	206,069
	<u>\$ 10,073,881</u>	<u>\$ 9,299,092</u>