

FINANCIAL REPORT
Audited
HUDSON RIVER SLOOP CLEARWATER, INC.
November 30, 2017

Audited for:

Board of Directors
Hudson River Sloop Clearwater, Inc.

Audited by:
RBT, CPAs LLP
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Newburgh, NY 12550
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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Hudson River Sloop Clearwater, Inc.
724 Wolcott Avenue
Beacon, NY 12508

Report on the Financial Statements

We have audited the accompanying financial statements of Hudson River Sloop Clearwater, Inc. ("the Organization", a non-profit organization) which comprise the statement of financial position as of November 30, 2017 and 2016, 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 controls 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 audits 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 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 the Organization as of November 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

RBT CPAs, LLP

Newburgh, NY
March 20, 2018

HUDSON RIVER SLOOP CLEARWATER, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF NOVEMBER 30	2017	2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ 148,294	\$ 97,487
Marketable Securities (Note 5)	99,512	-
Grants and Accounts Receivable	18,933	10,500
Contributions Receivable (Note 4)	-	3,100
Prepaid Rent - Current Portion (Note 11)	3,922	15,840
Prepaid Insurance	19,844	32,465
Merchandise Inventory	18,515	18,234
Total Current Assets	309,020	177,626
Fixed Assets:		
Land	145,400	145,400
Leasehold Improvements	826,796	813,771
Sloop, Yawl, Boat and Boat Equipment	2,581,412	2,577,510
Furniture and Equipment	95,555	95,555
	3,649,163	3,632,236
Accumulated Depreciation	(1,424,859)	(1,260,883)
	2,224,304	2,371,353
Other Assets:		
Deposits	2,570	2,570
Prepaid Rent, Long-Term (Note 11)	-	3,922
Total Other Assets	2,570	6,492
Total Assets	\$ 2,535,894	\$ 2,555,471
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Lines of Credit (Note 7)	\$ -	\$ 100,901
Current Portion of Long-Term Debt (Note 8)	29,294	43,238
Accounts Payable	40,741	82,919
Accrued Expenses (Note 9)	3,056	18,354
Deferred Program Revenue	41,353	13,500
Total Current Liabilities	114,444	258,912
Long-Term Liabilities:		
Long-Term Debt, Net of Current Portion (Note 8)	328,257	254,852
Due to Related Parties (Note 10)	57,500	67,500
Total Liabilities	500,201	581,264
Net Assets:		
Unrestricted	2,035,693	1,974,207
Total Liabilities and Net Assets	\$ 2,535,894	\$ 2,555,471

See Notes to Financial Statements.

HUDSON RIVER SLOOP CLEARWATER, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED NOVEMBER 30	2017	2016
Revenues and Other Support:		
Individual Donations	\$ 826,958	\$ 555,881
Corporate, Foundation and Government Support	386,754	770,683
Education Program	318,589	269,109
Community Program	850,383	224,839
Special Events	112,788	27,868
In-Kind Donations	1,524	2,470
Other Income	84,245	68,406
Gifts from Estates and Trusts	11,030	4,706
Total Revenues and Other Support	2,592,271	1,923,962
Expenses and Losses:		
Program Services:		
Communications	63,702	63,395
Education	330,014	301,279
Environmental Action	108,861	92,956
Community Programs	831,961	17,734
Vessels	550,848	582,182
Total Program Services	1,885,386	1,057,546
Supporting Services:		
Management and General Expenses	369,057	320,948
Fundraising Expenses	274,998	407,768
Total Supporting Services	644,055	728,716
Total Expenses	2,529,441	1,786,262
Net Loss on Investments	1,344	-
Total Expenses and Losses	2,530,785	1,786,262
Change in Net Assets	61,486	137,700
Net Assets - Beginning	1,974,207	1,836,507
Net Assets - Ending	\$ 2,035,693	\$ 1,974,207

See Notes to Financial Statements.

HUDSON RIVER SLOOP CLEARWATER, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED NOVEMBER 30, 2017

	Program Services					Supporting Services			Total
	Communications	Education	Environmental Action	Community Programs	Vessels	Management & General	Fundraising		
Salaries	\$ 30,388	\$ 218,448	\$ 61,495	\$ 34,649	\$ 196,977	\$ 105,785	\$ 96,234	\$ 743,976	
Employee benefits	5,602	38,357	11,316	8,793	37,382	25,879	17,110	144,439	
Compensation and Related Expenses	35,990	256,805	72,811	43,442	234,359	131,664	113,344	888,415	
Travel and conferences	-	6,549	4,712	6,901	4,015	110	2,077	24,364	
Insurance	-	-	-	21,134	55,595	21,244	-	97,973	
Printing	11,494	209	294	6,413	-	449	36,201	55,060	
Equipment rental and maintenance	-	1,640	-	157,132	970	28,800	2,572	191,114	
Leased vessel	-	-	-	3,600	48,335	-	-	51,935	
Telephone	-	1,319	-	1,491	1,568	4,927	-	9,305	
Postage	618	-	-	172	-	3,114	9,681	13,585	
Professional services	-	22,045	15,440	-	7,575	86,708	-	131,768	
Program consultants	9,000	25,955	7,453	441,014	200	-	70,070	553,692	
Rent	-	-	-	-	-	15,840	-	15,840	
Utilities	-	357	-	-	9,484	5,216	-	15,057	
Merchandise inventory	-	-	-	25,330	320	5,956	-	31,606	
Food	-	241	1,016	58,076	16,095	676	3,870	79,974	
Operating supplies	-	5,458	6,327	7,252	24,016	1,793	2,802	47,648	
Office supplies	-	769	608	570	-	5,443	867	8,257	
Other rental fees	-	-	200	-	8,250	600	18,986	28,036	
Advertising	6,600	2,014	-	54,905	-	593	1,055	65,167	
Interest expense	-	-	-	-	-	16,542	-	16,542	
Bank charges and investment fees	-	860	-	2,736	-	9,557	9,530	22,683	
Registration, permits & licenses	-	1,046	-	1,793	2,876	825	575	7,115	
Special events	-	-	-	-	-	-	175	175	
Miscellaneous	-	3,213	-	-	1,025	1,199	3,193	8,630	
In-kind services	-	-	-	-	-	1,524	-	1,524	
Total Expenses Before Depreciation	63,702	328,480	108,861	831,961	414,683	342,780	274,998	2,365,465	
Depreciation	-	1,534	-	-	136,165	26,277	-	163,976	
Total Expenses	\$ 63,702	\$ 330,014	\$ 108,861	\$ 831,961	\$ 550,848	\$ 369,057	\$ 274,998	\$ 2,529,441	

See Notes to Financial Statements.

HUDSON RIVER SLOOP CLEARWATER, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED NOVEMBER 30, 2016

	Program Services					Supporting Services		Total
	Communications	Education	Environmental Action	Community Programs	Vessels	Management & General	Fundraising	
Salaries	\$ 39,900	\$ 213,533	\$ 57,295	\$ -	\$ 151,643	\$ 77,890	\$ 86,803	\$ 627,064
Employee benefits	7,267	40,242	11,169	-	61,567	19,117	12,140	151,502
Compensation and Related Expenses	47,167	253,775	68,464	-	213,210	97,007	98,943	778,566
Travel and conferences	-	8,135	19	-	3,979	180	820	13,133
Insurance	-	-	-	-	40,553	18,376	-	58,929
Printing	4,641	-	2,750	-	-	4,158	20,681	32,230
Equipment rental and maintenance	-	150	-	2,100	7,314	10,033	1,667	21,264
Leased vessel	-	-	-	-	71,725	-	-	71,725
Telephone	-	1,386	-	-	1,594	3,753	101	6,834
Postage	1,646	-	-	-	8	4,533	11,016	17,203
Professional services	-	410	13,836	192	13,547	76,068	5,886	109,939
Program consultants	4,762	28,739	3,358	15,091	740	12,300	75,492	140,482
Rent	-	-	-	-	-	15,840	-	15,840
Utilities	-	-	-	-	4,593	4,431	-	9,024
Merchandise inventory	-	-	-	-	-	7,856	1,443	9,299
Food	-	174	-	-	18,639	274	1,623	20,710
Operating supplies	-	3,890	4,529	-	44,408	1,169	2,921	56,917
Office supplies	-	248	-	-	-	3,103	129	3,480
Other rental fees	-	-	-	-	11,750	768	41,753	54,271
Advertising	5,179	1,042	-	90	295	688	1,808	9,102
Interest expense	-	-	-	-	734	14,773	-	15,507
Bank charges and investment fees	-	662	-	236	-	15,513	10,597	27,008
Registration, permits & licenses	-	10	-	-	8,489	1,240	600	10,339
Special events	-	-	-	-	-	-	15,947	15,947
Miscellaneous	-	1,075	-	25	47	522	682	2,351
In-kind services	-	-	-	-	-	1,238	507	1,745
Bad debt expense	-	-	-	-	-	-	115,152	115,152
Total Expenses Before Depreciation	63,395	299,696	92,956	17,734	441,625	293,823	407,768	1,616,997
Depreciation	-	1,583	-	-	140,557	27,125	-	169,265
Total Expenses	\$ 63,395	\$ 301,279	\$ 92,956	\$ 17,734	\$ 582,182	\$ 320,948	\$ 407,768	\$ 1,786,262

See Notes to Financial Statements.

HUDSON RIVER SLOOP CLEARWATER, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED NOVEMBER 30	2017	2016
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 61,486	\$ 137,700
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by/(Used in) Operating Activities:		
Depreciation	163,976	169,265
Donated Equipment	-	(725)
Donated Securities	(145,097)	-
Unrealized Loss on Investments	1,138	-
Realized Loss on Sale of Investment	206	-
<i>(Increase)/Decrease in:</i>		
Grants and Accounts Receivable	(8,433)	118,112
Contributions Receivable	3,100	171,348
Prepaid Expenses	28,461	7,720
Merchandise Inventory	(281)	5,878
Deposits	-	(819)
<i>Increase/(Decrease) in:</i>		
Accounts Payable	(42,178)	(87,907)
Accrued Expenses	(15,298)	(1,439)
Deferred Program Revenue	27,853	11,000
Total Adjustments	13,447	392,433
Net Cash Provided by Operating Activities	74,933	530,133
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	(16,927)	(630,652)
Sale of Investments	44,241	-
Net Cash Provided by/(Used in) Investing Activities	27,314	(630,652)
Cash Flows from Financing Activities:		
Advances on Line of Credit	247,000	201,058
Repayments of Line of Credit	(250,901)	(275,157)
Proceeds from Notes Payable	-	333,000
Repayments of Notes Payable	(37,539)	(183,743)
Advances from/(Repayments to) Related Parties	(10,000)	57,846
Net Cash Provided by/(Used in) Financing Activities	(51,440)	133,004
Net Increase in Cash and Cash Equivalents	50,807	32,485
Cash and Cash Equivalents - Beginning	97,487	65,002
Cash and Cash Equivalents - Ending	\$ 148,294	\$ 97,487
Supplemental Disclosure:		
Cash Paid for Interest	\$ 16,542	\$ 15,507
Donated Services	\$ 1,524	\$ 1,745
Donated Securities	\$ 145,097	\$ -
Donated Equipment	\$ -	\$ 725

Non-Cash Transactions:

During the year-ended November 30, 2017, the Organization refinanced a note and paid off its line of credit with a new loan in the amount of \$360,204. The balance paid off on the line of credit was \$97,000. The balance paid off on the long-term debt was \$263,204.

See Notes to Financial Statements.

HUDSON RIVER SLOOP CLEARWATER, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Business:

Hudson River Sloop Clearwater, Inc. (“the Organization”) is a nonprofit, member supported, environmental education and advocacy organization dedicated to the restoration and protection of the Hudson River and similar waterways. The Organization owns and operates a sailing vessel named “Clearwater”, launched in 1969 as a floating classroom on the tidewater Hudson, New York Harbor and Long Island Sound.

The Organization’s educational efforts also include land-based field trips and classroom presentations, teacher workshops, and production of curriculum resource materials. The Organization’s environmental action staff conduct grassroots advocacy programs to further its goal of cleaning and preserving the Hudson River. The Organization also celebrates historic and cultural traditions of the Hudson Valley through special events.

2. Summary of Significant Accounting Policies:

Basis of Accounting

The Organization uses the accrual method of accounting which recognizes income when it is earned and expenses as they are incurred.

Pervasiveness 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 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.

Financial Statement Presentation

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 upon the existence or absence of donor imposed restrictions. The Organization has adopted a Board designated endowment fund policy, providing for the setting aside of funds for future operations. There are currently no funds set aside at November 30, 2017.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The Organization had only unrestricted net assets at November 30, 2017.

The cost of providing the Organization’s various programs, supporting services and fundraising has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited by specific identification or management’s estimates.

Cash and Cash Equivalents

The Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

Investments

Investments are stated at fair value. Realized and unrealized gains and losses are reported in the Statement of Activities.

Grants and Accounts Receivable

The Organization conducts its activities under grants received from various state, local and private sources. Grants receivable are stated at the amount management expects to collect from outstanding balances. Revenue is recognized when the grant conditions are fulfilled, such as when program expenses for the grant are incurred. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of November 30, 2017, management has determined that an allowance is not necessary.

HUDSON RIVER SLOOP CLEARWATER, INC.

2. Summary of Significant Accounting Policies (continued):

Contributions Receivable

Unconditional promises to give are recognized as contributions in the period the promise is received. Unconditional promises that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on these amounts are computed using a risk-adjusted interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as contributions until the conditions are substantially met.

Merchandise Inventory

Merchandise inventory consists of giftware, fish keys, and clothing and is stated at the lower of cost or net realizable value on a first-in, first-out basis.

Fixed Assets

Fixed assets are stated at cost. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. Additions, renewals, and improvements of property and equipment in excess of \$500 are capitalized. Expenditures for maintenance and repairs are expensed as incurred. The cost of fixed assets retired or sold, together with the accumulated depreciation, are removed from the appropriate accounts and the resulting gain or loss is included in the Statements of Activities.

Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are received subject to certain donor stipulations are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Contributions of non-cash assets are recorded at their fair value in the period received. Contributions of donated services that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period provided as contribution income and as an expense on the Statements of Activities.

Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

Advertising

Advertising expenses are charged against income as incurred. Advertising costs for the years ended November 30, 2017 and 2016 were \$65,167 and \$9,102, respectively.

Fair Value of Financial Instruments

The carrying amounts of the Organization's short-term financial instruments, including cash equivalents, receivables and payables arising in the ordinary course of business, approximate fair value due to the relatively short period of time between their origination and expected realization.

Subsequent Events

The date to which events occurring after November 30, 2017, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is March 20, 2018, which is the date on which the financial statements were available to be issued.

HUDSON RIVER SLOOP CLEARWATER, INC.

2. Summary of Significant Accounting Policies (continued):

Income Taxes

The Organization files an annual form 990 as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. As such, no federal or New York State taxes are paid by the Organization. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi).

The Organization adopted the provisions of accounting principles generally accepted in the United States of America regarding accounting for uncertain tax positions. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that would require adjustment to the financial statements in order to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years prior to 2014.

3. Cash and Cash Equivalents:

Cash and cash equivalents consisted of the following:

As of November 30	2017	2016
Cash	\$ 147,616	\$ 88,714
Petty Cash	146	146
Money Market Funds	532	8,627
	\$ 148,294	\$ 97,487

4. Contributions Receivable:

Contributions receivable consisted of the following:

As of November 30	2017	2016
Board Member	\$ -	\$ 3,100
Less: Current Portion	-	3,100
Long-Term Portion	\$ -	\$ -

5. Investment in Marketable Securities:

The following is a summary of the Organization's investment in available-for-sale securities:

	Cost	Net Unrealized Gain	Net Unrealized (Loss)	Fair Market Value
As of November 30				
		2017		
U.S. Corporate Equity Securities	\$ 100,650	\$ -	\$ (1,138)	\$ 99,512

	Cost	Net Unrealized Gain	Net Unrealized (Loss)	Fair Market Value
As of November 30				
		2016		
U.S. Corporate Equity Securities	\$ -	\$ -	\$ -	\$ -

6. Fair Value Measurements:

The estimated carrying and fair values of the Organization's financial instruments are as follows:

	2017		2016	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
U.S. Corporate Equity Securities	\$ 100,650	\$ 99,512	\$ -	\$ -

HUDSON RIVER SLOOP CLEARWATER, INC.

6. Fair Value Measurements (Continued):

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to the 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 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

To determine the appropriate levels, the Organization performed a detailed analysis of the assets and liabilities that are subject to fair value measurement in accordance with accounting principles generally accepted in the United States of America.

For the valuation of securities at November 30, 2017 and 2016, the Organization used quoted market prices (Level 1).

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy. For the years ended November 30, 2017 and 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent.

November 30, 2017				
	Total	Level 1	Level 2	Level 3
U.S. Corporate Equity Securities	\$ 99,512	\$ 99,512	\$ -	\$ -

November 30, 2016				
	Total	Level 1	Level 2	Level 3
U.S. Corporate Equity Securities	\$ -	\$ -	\$ -	\$ -

7. Lines of Credit:

The Organization's lines of credit consisted of the following:

	Authorized	Outstanding
As of November 30	2017	
The Organization's line of credit with Ulster Savings Bank payable with interest of prime plus 1.00% (5.25% at November 30, 2017)	\$ 50,000	\$ -
As of November 30	2016	
The Organization's line of credit with M&T Bank payable with interest of prime plus 3.50% (7.00% at November 30, 2016)	\$ 175,000	\$ 3,058
The Organization's line of credit with Ulster Savings Bank payable with interest of prime plus 1.00% (4.50% at November 30, 2016)	100,000	97,843
	\$ 275,000	\$ 100,901

HUDSON RIVER SLOOP CLEARWATER, INC.

8. Long-Term Debt:

The Organization's long-term debt, and collateral pledged thereon, consisted of the following:

As of November 30	2017	2016
4.25% Note Payable to Ulster Savings Bank due in monthly payments of \$4,590, including interest, through January 2023. The note is collateralized by the general assets of the Organization. Refinanced in 2017.	\$ -	\$ 298,090
4.50% Note Payable to Ulster Savings Bank due in monthly payments of \$3,733, including interest, through October 2027. The note is collateralized by the general assets of the Organization.	357,551	-
Less: Current Maturities	29,294	43,238
Total	\$ 328,257	\$ 254,852

Aggregate maturities required on long-term debt at November 30, 2017 are due in future years as follows:

2018	\$ 29,294
2019	30,755
2020	32,168
2021	33,646
2022	35,191
Thereafter	196,497
Total	\$ 357,551

9. Accrued Expenses:

Accrued expenses consisted of the following:

As of November 30	2017	2016
Accrued Payroll	\$ 4,909	\$ 18,148
Sales Tax Payable	(1,853)	206
	\$ 3,056	\$ 18,354

10. Due to Related Parties:

There is an amount due to board members. There is currently no written repayment schedule.

11. Operating Leases:

City of Beacon, Building

The Organization leases a building under an operating lease with the City of Beacon. The lease expires November 30, 2019 with the option to renew for two additional successive periods of five years each. Rent is payable in monthly installments of \$1,200 with an increase set every five years during the term of the lease with the first increase effective November 2014. However, rent will be reduced (and deemed paid) to the extent of the fair market value of certain improvements and renovations completed by the Organization on the leased property.

The Organization has recorded prepaid rent on its books for the costs of improvements and renovations incurred. The balance remaining as of November 30, 2017 amounted to \$3,922. Rent expense for the years ended November 30, 2017 and 2016 amounted to \$15,840 and \$15,840, respectively.

HUDSON RIVER SLOOP CLEARWATER, INC.

12. Operating Leases (Continued):

Minimum rent payments for the remaining life of the lease are as follows:

2018	\$	15,840
2019		15,840
Total	\$	31,680

Kingston Home Port

The Organization leases a building under an operating lease with the Hudson River Maritime Museum. The lease is for a 10 year initial term through December 2023 with the option of two additional ten year renewals. The lease calls for annual rent of \$1 and that the Organization pay for all utilities and services used during the time it occupies the property. The Organization leases the building from October through April in order to perform repairs to the Sloop Clearwater during the non-sailing season.

The Organization, as a condition of this lease agreement, cooperated with the design and construction of the building, incurring approximately \$814,000 in costs which have been capitalized by the Organization. Depreciation expense related to this asset in the amount of approximately \$27,000 has been included in the Statement of Activities for each of the years presented.

13. Concentrations of Credit Risk:

The Organization maintains its cash in accounts whose balances may exceed the insurance limits of the Federal Deposit Insurance Corporation at various times throughout the year. The Organization has experienced no losses related to cash balances in excess of federally insured limits.

14. Economic Dependency:

The Organization receives a substantial amount of its support from donations and grants. A significant reduction in the level of this support, if this were to occur, may have an effect on the programs and activities provided by the Organization.

15. Contingencies:

Grants received by the Organization are subject to audit and adjustment by the funding agency or its representative. If grant revenues are received for expenditures which are subsequently disallowed, the Organization may be required to repay the revenues to the funding agency.