

BOSTON AREA GLEANERS, INC.

FINANCIAL STATEMENTS

March 31, 2022

BOSTON AREA GLEANERS, INC.

Financial Statements

March 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Boston Area Gleaners, Inc.
Acton, Massachusetts

Opinion

We have audited the accompanying financial statements of Boston Area Gleaners, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2022 and the changes in its net assets and its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Prior Period Financial Statements

The financial statements of Boston Area Gleaners, Inc. as of March 31, 2021 were audited by other auditors whose report dated September 10, 2021 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 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 the Organization'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 the Organization'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.

O'Connor + Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

August 18, 2022

BOSTON AREA GLEANERS, INC.

Statements of Financial Position

March 31, 2022 and 2021

BOSTON AREA GLEANERS, INC.

Statements of Financial Position

March 31,

Assets

	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and equivalents	\$ 1,277,610	\$ 1,905,140
Accounts receivable, net, current	232,198	284,141
Prepaid expenses	9,645	23,842
Other current assets	<u>-</u>	<u>2,265</u>
Total Current Assets	<u>1,519,453</u>	<u>2,215,388</u>
Property and Equipment, net	<u>3,876,831</u>	<u>518,563</u>
Other Asset:		
Accounts receivable, net, long-term	<u>-</u>	<u>83,000</u>
Total Assets	<u>\$ 5,396,284</u>	<u>\$ 2,816,951</u>

The accompanying notes are an integral part of the financial statements.

Liabilities and Net Assets

	<u>2022</u>	<u>2021</u>
Current Liabilities:		
Accounts payable	\$ 52,496	\$ 180,270
Accrued expenses	68,388	52,697
Deferred revenue	<u>2,398</u>	<u>8,520</u>
Total Current Liabilities	<u>123,282</u>	<u>241,487</u>
Net Assets:		
Without donor restrictions	3,602,240	1,789,359
With donor restrictions	<u>1,670,762</u>	<u>786,105</u>
Total Net Assets	<u>5,273,002</u>	<u>2,575,464</u>
Total Liabilities and Net Assets	<u>\$ 5,396,284</u>	<u>\$ 2,816,951</u>

BOSTON AREA GLEANERS, INC.

Statements of Activities and Changes in Net Assets

For the Years Ended March 31,

	<u>2022</u>			<u>2021</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		<u>Restrictions</u>	<u>Restrictions</u>	
Operating Revenues and Other Support:						
Grants and contributions	\$ 1,273,526	\$ 2,833,521	\$ 4,107,047	\$ 1,247,434	\$ 1,181,733	\$ 2,429,167
Fees for service	87,983	-	87,983	121,948	-	121,948
Special events	29,063	-	29,063	23,475	-	23,475
Merchandise sales	9,971	-	9,971	13,484	-	13,484
Brokerage sales	1,037,645	-	1,037,645	3,902,342	-	3,902,342
Net investment income	398	-	398	761	-	761
In-kind contributions of food and services	2,089,649	-	2,089,649	1,246,900	-	1,246,900
Net assets released from donor restriction	<u>1,948,863</u>	<u>(1,948,863)</u>	<u>-</u>	<u>440,629</u>	<u>(440,629)</u>	<u>-</u>
Total Operating Revenues and Other Support	<u>6,477,098</u>	<u>884,658</u>	<u>7,361,756</u>	<u>6,996,973</u>	<u>741,104</u>	<u>7,738,077</u>
Expenses:						
Program services	4,058,194	-	4,058,194	5,122,500	-	5,122,500
Management and administration	393,517	-	393,517	285,433	-	285,433
Fundraising	<u>212,507</u>	<u>-</u>	<u>212,507</u>	<u>189,874</u>	<u>-</u>	<u>189,874</u>
Total Expenses	<u>4,664,218</u>	<u>-</u>	<u>4,664,218</u>	<u>5,597,807</u>	<u>-</u>	<u>5,597,807</u>
Changes in Net Assets from Operating Activities	1,812,880	884,658	2,697,538	1,399,166	741,104	2,140,270
Net Assets, Beginning of Year	<u>1,789,360</u>	<u>786,104</u>	<u>2,575,464</u>	<u>390,194</u>	<u>45,000</u>	<u>435,194</u>
Net Assets, End of Year	<u>\$ 3,602,240</u>	<u>\$ 1,670,762</u>	<u>\$ 5,273,002</u>	<u>\$ 1,789,360</u>	<u>\$ 786,104</u>	<u>\$ 2,575,464</u>

The accompanying notes are an integral part of the financial statements.

BOSTON AREA GLEANERS, INC.

Statements of Cash Flows

For the Years Ended March 31,

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Changes in net assets	<u>\$ 2,697,538</u>	<u>\$ 2,140,270</u>
Adjustments to reconcile the changes in net assets to net cash provided by operating activities:		
Depreciation	162,724	74,461
Changes in assets and liabilities:		
Accounts receivable	134,943	(354,894)
Prepaid expenses	14,197	(6,679)
Other current assets	2,265	(2,265)
Accounts payable	(127,774)	174,607
Accrued expenses	15,691	31,228
Deferred revenue	<u>(6,122)</u>	<u>5,460</u>
Net Adjustments	<u>195,924</u>	<u>(78,082)</u>
Net Cash Provided by Operating Activities	<u>2,893,462</u>	<u>2,062,188</u>
Cash Flows from Investing Activity:		
Acquisition of property and equipment	<u>(3,520,992)</u>	<u>(470,345)</u>
Net (Decrease) Increase in Cash and Equivalents	(627,530)	1,591,843
Cash and Equivalents, Beginning of Year	<u>1,905,140</u>	<u>313,297</u>
Cash and Equivalents, End of Year	<u>\$ 1,277,610</u>	<u>\$ 1,905,140</u>

The accompanying notes are an integral part of the financial statements.

BOSTON AREA GLEANERS, INC.

Statement of Functional Expenses

For the Year Ended March 31, 2022
(with comparative total for 2021)

	PROGRAM SERVICES					SUPPORTING SERVICES			March 31, 2022	March 31, 2021
	<u>Gleaning</u>	<u>Distribution</u>	<u>Education and Outreach</u>	<u>Food Hub</u>	<u>Farm</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries and Related Costs:										
Salaries	\$ 121,154	\$ 149,795	\$ 158,933	\$ 223,109	\$ 95,714	\$ 748,705	\$ 139,377	\$ 142,089	\$ 1,030,171	\$ 693,855
Employee benefits and payroll taxes	<u>26,670</u>	<u>28,315</u>	<u>26,226</u>	<u>42,599</u>	<u>17,546</u>	<u>141,356</u>	<u>11,541</u>	<u>25,909</u>	<u>178,806</u>	<u>99,044</u>
Total Salaries and Related Costs	<u>147,824</u>	<u>178,110</u>	<u>185,159</u>	<u>265,708</u>	<u>113,260</u>	<u>890,061</u>	<u>150,918</u>	<u>167,998</u>	<u>1,208,977</u>	<u>792,899</u>
Expenses:										
Contracted services	-	7,826	5,373	8,260	4,203	25,662	21,243	30,875	77,780	105,573
Depreciation	-	162,724	-	-	-	162,724	-	-	162,724	74,461
Equipment purchases and rentals	-	91,014	-	2,089	15,399	108,502	9,013	-	117,515	134,675
Insurance	-	-	-	-	-	-	28,750	-	28,750	20,421
Printing and graphic design	-	381	1,211	3,186	-	4,778	2,686	5,435	12,899	20,424
Professional fees	-	-	-	-	933	933	100,044	-	100,977	112,175
Rent	-	-	-	13,200	1,547	14,747	22,924	-	37,671	22,300
Shipping and postage	-	-	9	-	-	9	1,206	1,725	2,940	6,787
Supplies and materials	804	46,026	170	583,618	36,202	666,820	409	1,630	668,859	2,982,030
Utilities and telephone	-	56	-	-	17,676	17,732	24,631	-	42,363	12,118
Office expense	114	12,974	538	1,887	6,143	21,656	22,086	1,381	45,123	38,209
Marketing and exhibits	-	-	1,218	8,500	-	9,718	1,407	3,463	14,588	3,354
Repairs and maintenance	-	27,798	-	9,300	4,849	41,947	-	-	41,947	17,389
Training and professional development	-	-	2,670	-	-	2,670	721	-	3,391	6,076
Other miscellaneous	-	-	-	-	586	586	7,479	-	8,065	2,016
In-kind food, goods and services	<u>2,089,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,089,649</u>	<u>-</u>	<u>-</u>	<u>2,089,649</u>	<u>1,246,900</u>
Total Expenses	<u>2,090,567</u>	<u>348,799</u>	<u>11,189</u>	<u>630,040</u>	<u>87,538</u>	<u>3,168,133</u>	<u>242,599</u>	<u>44,509</u>	<u>3,455,241</u>	<u>4,804,908</u>
Total Operating Expenses	<u>\$ 2,238,391</u>	<u>\$ 526,909</u>	<u>\$ 196,348</u>	<u>\$ 895,748</u>	<u>\$ 200,798</u>	<u>\$ 4,058,194</u>	<u>\$ 393,517</u>	<u>\$ 212,507</u>	<u>\$ 4,664,218</u>	<u>\$ 5,597,807</u>

The accompanying notes are an integral part of these financial statements.

BOSTON AREA GLEANERS, INC.

Statements of Functional Expenses

For the Year Ended March 31, 2021

	PROGRAM SERVICES					SUPPORTING SERVICES			March 31, 2021
	<u>Gleaning</u>	<u>Distribution</u>	<u>Education & Outreach</u>	<u>Food Hub</u>	<u>Emergency Response</u>	<u>Total Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	
Salaries and Related Costs:									
Salaries	\$ 184,053	\$ 114,033	\$ 7,610	\$ 88,472	\$ 167,400	\$ 561,568	\$ 45,777	\$ 86,510	\$ 693,855
Employee benefits and payroll taxes	<u>22,550</u>	<u>13,185</u>	<u>6,858</u>	<u>10,251</u>	<u>18,797</u>	<u>71,641</u>	<u>18,112</u>	<u>9,291</u>	<u>99,044</u>
Total Salaries and Related Costs	<u>206,603</u>	<u>127,218</u>	<u>14,468</u>	<u>98,723</u>	<u>186,197</u>	<u>633,209</u>	<u>63,889</u>	<u>95,801</u>	<u>792,899</u>
Expenses:									
Contracted services	-	1,613	3,260	23,802	200	28,875	13,383	63,315	105,573
Depreciation	-	74,461	-	-	-	74,461	-	-	74,461
Equipment purchases and rentals	536	28,405	-	-	91,779	120,720	13,955	-	134,675
Insurance	-	-	-	-	-	-	20,421	-	20,421
Printing and graphic design	-	68	-	-	-	68	1,399	18,957	20,424
Professional fees	-	-	-	-	-	-	112,175	-	112,175
Rent	-	-	-	5,900	-	5,900	15,750	650	22,300
Shipping and postage	-	-	-	-	-	-	18	6,769	6,787
Supplies and materials	4,044	68,796	646	804,478	2,091,668	2,969,632	11,904	494	2,982,030
Telephone and internet	-	-	-	2,012	-	2,012	10,106	-	12,118
Office expense	2,058	13,798	231	996	3,275	20,358	16,099	1,752	38,209
Marketing and exhibits	30	45	212	-	1,031	1,318	-	2,036	3,354
Repairs and maintenance	-	16,693	-	-	269	16,962	427	-	17,389
Training and professional development	679	650	749	-	-	2,078	3,898	100	6,076
Other miscellaneous	-	7	-	-	-	7	2,009	-	2,016
In-kind food, goods and services	<u>1,246,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,246,900</u>	<u>-</u>	<u>-</u>	<u>1,246,900</u>
Total Expenses	<u>1,254,247</u>	<u>204,536</u>	<u>5,098</u>	<u>837,188</u>	<u>2,188,222</u>	<u>4,489,291</u>	<u>221,544</u>	<u>94,073</u>	<u>4,804,908</u>
Total Operating Expenses	<u>\$ 1,460,850</u>	<u>\$ 331,754</u>	<u>\$ 19,566</u>	<u>\$ 935,911</u>	<u>\$ 2,374,419</u>	<u>\$ 5,122,500</u>	<u>\$ 285,433</u>	<u>\$ 189,874</u>	<u>\$ 5,597,807</u>

The accompanying notes are an integral part of these financial statements.

BOSTON AREA GLEANERS, INC.

Notes to the Financial Statements

March 31, 2022 and 2021

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

Organization

Boston Area Gleaners, Inc. (the “Organization”) is a not-for-profit organization organized in September 2007, under the laws of the State of Massachusetts. Its core mission is dedicated to rescuing surplus farm crops and supplying them to organizations that provide them to people in need.

The COVID-19 crisis is ongoing. Management cannot reasonably estimate the duration or impact on finances and operations.

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) established by the Financial Accounting Standards Board (“FASB”). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

BOSTON AREA GLEANERS, INC.

Notes to the Financial Statements - Continued

March 31, 2022 and 2021

Revenue Recognition

Contributions and Grants

Contributions and grants are recognized as revenue when they are unconditional, usually when qualifying expenditures are incurred and other conditions under the agreement are met. Contributions and grants are conditional if there is a barrier that must be overcome before the recipient is entitled to the funds and the donor has the right to request the funds back if they are not spent properly.

Unconditional contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-kind

The Organization records in-kind support for professional services and tangible assets as required by the FASB Accounting Standards Codification (“ASC”). Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not by donations. Contributions of tangible assets are recognized at fair market value when received. In addition, the Organization received 7,378 and 3,352 hours of tracked volunteers’ labor time for March 31, 2022, and 2021, respectively, which does not meet the recognition criteria and, therefore, has not been recorded on the Organization’s books.

The Organization records the total amount of pounds of gleaned product received. The fair market value of these donations is reported as in-kind donation on the statements of activities and as an expense on the statements of functional expenses. There were 989,176 and 677,443 pounds of product distributed during fiscal years 2022 and 2021, respectively, with 1,167,402 and 716,609 pounds being contributed in-kind, respectively. The approximate average wholesale value of one pound of donated product per the industry standard is estimated to be \$1.79 and \$1.74 in 2022 and 2021, respectively. The value of the food contributed was \$2,089,649 and \$1,246,900 for 2022 and 2021, respectively.

BOSTON AREA GLEANERS, INC.

Notes to the Financial Statements - Continued

March 31, 2022 and 2021

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding the purpose and how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

A summary of the components to disaggregated revenue from customers at March 31, is as follows:

	<u>2022</u>	<u>2021</u>
Performance obligation satisfied at point in time - fees for service	\$ 87,983	\$ 121,948
Performance obligation satisfied over time - brokerage sales	1,037,645	3,902,342
Performance obligation satisfied at point in time - special events	29,063	23,475
Performance obligation satisfied at point in time - Merchandise sales	<u>9,971</u>	<u>13,484</u>
Total	<u>\$ 1,164,662</u>	<u>\$4,061,249</u>

Revenue recognition – fee for service

Revenue from service fees is recognized as revenue in the period in which the service is provided. Fees are based on trucking rates for the delivery distance. Payments are received daily in the ordinary course of business.

Revenue recognition –merchandise sales

Merchandise sales revenue is recognized at the point of sale. Fees are based on rates for the packaging materials. Payments are received daily in the ordinary course of business.

Revenue recognition - special events

The Organization has three special events for the general public to raise funds for the organization. The Organization collects payment at the time of registration or at the time of the event. The Organization considers the performance obligation to be the event and recognizes revenue at the point in time that the event occurs.

Revenue recognition – brokerage sales

The Organization sells food through the Boston Food Hub. Revenue is recorded as food is provided, which is the performance obligation.

For all revenue from customers, the Organization's revenues and cash flows are correlated to the general conditions of the economy.

BOSTON AREA GLEANERS, INC.

Notes to the Financial Statements - Continued

March 31, 2022 and 2021

Functional Allocation of Expenses

Consists of providing program and other activities that have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following functional expenses are directly allocated to the programs, projects and departments as they are utilized:

- Meeting expenses
- Program supplies
- Postage and delivery
- Repairs and maintenance
- Contracted services
- Printing

The following functional expenses are allocated depending on the time and effort:

- Office expense
- Salaries, employee benefits and payroll taxes
- Professional fees
- Rent
- Utilities and telephone

Measure of Operations

The statements of activities reports all changes in net assets. Total support and revenues and expenses consist of those items attributable to the Organization's ongoing mission to provide surplus farm crops to organizations that provide them to people in need. The Organization does not have any non-operating activities.

Cash and Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

BOSTON AREA GLEANERS, INC.

Notes to the Financial Statements - Continued

March 31, 2022 and 2021

Accounts Receivable

Pledges and contract receivables consist of 30 and 16 contributors at March 31, 2022 and 2021, respectively. All accounts receivable are considered to be fully collectible by management in fiscal year 2023. Accordingly, no allowance for doubtful accounts is required. Accounts determined to be uncollectible are charged to operations in the period that determination is made.

Pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. As of March 31, 2022 and 2021, management has concluded an allowance for doubtful accounts was not required.

Property and Equipment

Property and equipment are carried at cost, or if donated, at approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to thirty-nine years. Repairs and maintenance are expensed as incurred. The Organization capitalizes all expenditures in excess of \$3,000 for property and equipment at cost.

Compensated Absences

Employees of the Company are entitled to paid vacation and other time off, depending on length of service. Based upon periodic reviews, management believes the amount to be immaterial at any given time. Accordingly, the Company's policy is to recognize the costs of compensated absences when actually paid to employees.

Use 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 about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are

BOSTON AREA GLEANERS, INC.

Notes to the Financial Statements - Continued

March 31, 2022 and 2021

made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of determining the value of accounts receivable, estimating depreciation and in the valuation of in-kind donations.

Income Tax Status

Accounting principles generally accepted in the United States of America require an entity to assess the probability that a tax position has a “more likely than not” sustainability after review by tax authorities. If a tax position is deemed not to meet this threshold, any unrecognized tax benefits and costs are estimated and recognized. Tax returns are routinely open for review by the tax authorities for three years from their due date. In certain circumstances, the statute of limitations may remain open indefinitely. As a not-for-profit entity under Section 501(c)(3) of the United States Internal Revenue Code, the Organization is exempt from income taxes; the Organization may, however, be subject to tax on unrelated business income.

Advertising

The Organization expenses advertising costs as they are incurred in the amounts of \$14,588 and \$3,354 in 2022 and 2021, respectively, and has categorized these costs as marketing expenses in the statements of functional expenses.

New Accounting Pronouncements

FASB issued ASU 2016-02, *Leases*, which is effective for periods beginning after December 15, 2021. The purpose of this pronouncement will require lessees to recognize on their statement of financial position the rights and obligations resulting from leases categorized as operating leases as assets and liabilities. It provides for an election on leases with terms of less than twelve months to be excluded.

FASB issued ASU 2020-07, *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is effective for periods beginning after June 15, 2021. The pronouncement will require not-for-profit entities to present contributed non-financial assets in the statement of activities as a line that is separate from other contributions. It will also require additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category.

Management is in the process of evaluating these pronouncements and has not yet determined their impact on the financial statements.

BOSTON AREA GLEANERS, INC.

Notes to the Financial Statements - Continued

March 31, 2022 and 2021

Note 2 - **Accounts Receivable**

The accounts receivable balance is comprised of the following at March 31,:

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 149,198	\$ 201,141
Pledge receivable	<u>83,000</u>	<u>166,000</u>
Accounts receivable, net	232,198	367,141
Less: long-term portion	<u>-</u>	<u>83,000</u>
Accounts receivable, net, current	<u>\$ 232,198</u>	<u>\$ 284,141</u>

Note 3 - **Property and Equipment**

Property and equipment consist of the following at March 31,:

	<u>2022</u>	<u>2021</u>
Equipment and software	\$ 26,033	\$ 26,033
Vehicles	876,057	463,352
Furniture and equipment	364,472	136,479
Farm building and land	2,712,504	100,000
Construction in progress	<u>271,341</u>	<u>3,550</u>
	4,250,407	729,414
Less: accumulated depreciation	<u>(373,576)</u>	<u>(210,851)</u>
Net Property and Equipment	<u>\$ 3,876,831</u>	<u>\$ 518,563</u>

On July 20, 2021, the Organization acquired the Stonefield Farm in Acton, Massachusetts for \$2,800,000, which they were leasing. The acquisition was funded through Community Preservation funds from the Town of Acton of \$1,200,000 and the balance of the funds provided by the Organization. The land is subject to Massachusetts General Laws Chapter 61 and receives reduced real estate tax assessments for agricultural use.

The Town of Acton authorized the \$1,200,000 through the Community Preservation Act ("CPA") funds pursuant to Chapter 44B of the Massachusetts General Laws, which funds were authorized for such purposes by a vote of the Town of Acton on June 21, 2021. The land is restricted for the agricultural purposes and shown as an asset with donor restrictions with the CPA restrictions disclosed in Note 4.

BOSTON AREA GLEANERS, INC.

Notes to the Financial Statements - Continued

March 31, 2022 and 2021

Note 4 - **Net Assets**

Net Assets Without Donor Restrictions

Net assets with donor restrictions consists of the following at March 31,:

	<u>2022</u>	<u>2021</u>
Unrestricted	<u>\$ 3,602,240</u>	<u>\$ 1,789,359</u>
	<u>\$ 3,602,240</u>	<u>\$ 1,789,359</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions consists of the following at March 31,:

	<u>2022</u>	<u>2021</u>
Timing restriction - general operations	\$ 83,000	\$ 166,000
Purpose restriction - healthy food fund	-	20,833
Purpose restriction - other	24,500	-
Purpose restriction - CPA land use	1,200,000	-
Purpose restriction - farm acquisition	92,852	479,931
Purpose restriction - salaries	-	27,500
Purpose restriction - capital purchases	<u>270,410</u>	<u>91,840</u>
Net assets with donor restrictions	<u>\$ 1,670,762</u>	<u>\$ 786,104</u>

Net Assets Released from Donor Restrictions

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the purposes or timing specified by the donors for the years ended March 31, as follows:

	<u>2022</u>	<u>2021</u>
Timing restriction - general operations	\$ 83,000	\$ 70,000
Purpose restriction - healthy food fund	20,833	25,000
Purpose restriction - other	6,500	48,167
Purpose restriction - farm acquisition	1,409,600	6,602
Purpose restriction - salaries	27,500	142,700
Purpose restriction - capital purchases	<u>401,430</u>	<u>148,160</u>
	<u>\$ 1,948,863</u>	<u>\$ 440,629</u>

BOSTON AREA GLEANERS, INC.

Notes to the Financial Statements - Continued

March 31, 2022 and 2021

Note 5 - **Lease Commitments**

On May 15, 2020, a monthly tenant at will agreement was executed for a location at the UMass Facility in Waltham, Massachusetts for monthly lease payments of \$833. The lease agreement was terminated in October 2021. For the years ended 2022 and 2021, rent expense was \$5,833 and \$9,500, respectively.

On January 1, 2021, the Organization signed a lease at the Stonefield Farm in Acton, Massachusetts which expired upon the purchase of the farm on July 30, 2021. The monthly rent is \$2,083 with \$15,000 due in January 2021. During the fiscal years 2022 and 2021, rent expense was \$8,750 and \$6,250, respectively.

On January 1, 2021, the Organization signed a lease for trailer parking and access at Craig Road in Acton, Massachusetts which can be renewed annually. The monthly rent is \$1,000. During the fiscal years 2022 and 2021, rent expense was \$12,000 and \$6,250, respectively.

On February 25, 2021, the Organization signed an operating lease agreement for a Freightliner vehicle. The 60 monthly payments of \$1,835 include principal and interest. In addition to the monthly payment, the organization pays \$0.12 per mile driven.

Future minimum lease payments due subsequent to March 31, 2022 are as follows:

Years Ending		
<u>March 31,</u>		
2023	\$	22,020
2024		22,020
2025		22,020
2026		22,020
Total	\$	<u>88,080</u>

Rent expense for the leased vehicle for the year ended March 31, 2022 was \$17,774.

The Organization entered into an operating contract with a grower on January 1, 2021 until finalization of the purchase of the Stonefield Farm. In consideration of receipt of the crops grown by the grower, the Organization will pay a total of \$165,000, with \$39,000 due upon agreement and \$14,000 monthly through October 1, 2021. The Organization paid \$98,000 to the grower in 2022.

BOSTON AREA GLEANERS, INC.

Notes to the Financial Statements - Continued

March 31, 2022 and 2021

Note 6 - **Concentrations, Risks, and Uncertainties**

Cash

The Organization maintains cash balances at several financial banking institutions, and at times during the year, these balances may exceed the federally insured limit. During the years ended March 31, 2022 and 2021, the Organization had deposits of \$292,850 and \$1,636,336 in excess of FDIC limits, respectively. Management monitors the financial condition of these banking institutions, along with its balances in cash, to keep this potential risk at a minimum.

The money market account balance of \$757,592 and \$857,518, is covered for up to \$500,000 under the Securities Investment Protection Corporation ("SIPC") protection for brokerage accounts for the years ended March 31, 2022 and 2021, respectively.

Note 7 - **Availability and Liquidity**

The following represents the Organization's financial assets at March 31,:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and equivalents	\$1,277,614	\$1,905,140
Current portion of accounts receivable	<u>232,198</u>	<u>284,141</u>
Total financial assets	1,509,812	2,189,281
Less amounts not available to be used within one year:		
Net assets with donor restrictions related to above	<u>(470,762)</u>	<u>(786,105)</u>
Financial assets available to meet general expenditures within one year	<u>\$1,039,050</u>	<u>\$1,403,176</u>

The Organization reviews its discretionary expenses periodically to ensure that adequate cash reserves are maintained. The Organization reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. For the years ended March 31, 2022 and 2021, management believes the Organization does not have any liquidation issues.

BOSTON AREA GLEANERS, INC.

Notes to the Financial Statements - Continued

March 31, 2022 and 2021

Note 8 - **Management's Acceptance of Financial Statements**

Subsequent Events

Management has evaluated subsequent events through August 18, 2022, the date for which the financial statements were available for issuance. Management accepted the financial statements and did not identify any events subsequent to March 31, 2022 requiring disclosure in these financial statements.