

BOSTON AREA GLEANERS, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
TOGETHER WITH INDEPENDENT ACCOUNTANT'S AUDIT REPORT

JOHN M. MONTICONE, CPA
5 High Street-Suite 207
Medford, MA 02155
E-mail: info@MonticoneCPA.com

BOSTON AREA GLEANERS, INC.

TABLE OF CONTENTS

MARCH 31, 2018

	Page No.
INDEPENDENT ACCOUNTANT'S AUDIT REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statement	7 - 11

JOHN M. MONTICONE, CPA
5 High Street-Suite 207
Medford, MA 02155

Phone: 781- 395- 0024

Fax: 781- 391- 6097

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

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of the Boston Area Gleaners, Inc. (a non-profit organization) which comprise the statement of financial position as of March 31, 2018, and the related statement 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.

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 of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion of these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boston Area Gleaners, Inc. as of March 31, 2018, 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.

A handwritten signature in blue ink, appearing to read "John M. Aice", is written in a cursive style.

Medford, Massachusetts
September 15, 2018

**BOSTON AREA GLEANERS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2018**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	329,657
Accounts Receivable		87,416
Prepaid Expenses		<u>17,572</u>
Total current assets	\$	<u>434,645</u>

FIXED ASSETS:

Vehicles	\$	174,403
Furniture and Equipment		<u>34,315</u>
		208,718
Less: Accumulated Depreciation		<u>49,488</u>
	\$	<u>159,230</u>
Total assets	\$	<u><u>593,875</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$	6,379
Accrued Expenses		<u>8,889</u>
Total liabilities	\$	<u>15,268</u>

NET ASSETS:

Unrestricted	\$	365,207
Temporarily Restricted		<u>213,400</u>
Total net assets	\$	<u>578,607</u>
Total Liabilities and net assets	\$	<u><u>593,875</u></u>

The accompanying notes are an integral part of these financial statements

BOSTON AREA GLEANERS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2018

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Total
Grants and Contributions	\$ 223,461	\$ 233,400	\$ 456,861
Fees for Services	75,395	-	75,395
Special Events, net of \$1,966 direct costs	31,270	-	31,270
Merchandise Sales, net of \$3,675 costs	3,257	-	3,257
Interest Income	5	-	5
Release from Restrictions	326,537	(326,537)	-
Total Support and Revenue	<u>\$ 659,925</u>	<u>\$ (93,137)</u>	<u>\$ 566,788</u>
 EXPENSES:			
Program Services	\$ 348,195	\$ -	\$ 348,195
Management and Administration	61,925	-	61,925
Fundraising	104,977	-	104,977
Total expenses	<u>\$ 515,097</u>	<u>\$ -</u>	<u>\$ 515,097</u>
 INCREASE (DECREASE) IN NET ASSETS	 \$ 144,828	 \$ (93,137)	 \$ 51,691
NET ASSETS, beginning of year	\$ 220,379	\$ 306,537	\$ 526,916
NET ASSETS, end of year	<u>\$ 365,207</u>	<u>\$ 213,400</u>	<u>\$ 578,607</u>

The accompanying notes are an integral part of these financial statements

BOSTON AREA GLEANERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2018

	Gleaning	Distribution	Education & Outreach	Total Programs	Management and Administration	Fundraising	Total
Salaries and Wages	\$ 33,853	\$ 121,972	\$ 31,702	\$ 187,527	\$ 25,770	\$ 62,118	\$ 275,415
Payroll Taxes and Benefits	5,905	15,938	4,474	26,317	3,283	8,211	37,811
Contracted Services	1,798	10,987	500	13,285	3,125	19,475	35,885
Depreciation	13	27,459	50	27,522	50	126	27,698
Equipment Purchases and Rentals	6,220	20,506	-	26,726	2,767	2,969	32,462
Insurance	148	7,283	90	7,521	814	177	8,512
Printing and Graphic Design	-	-	1,403	1,403	-	2,980	4,383
Professional Fees	-	-	-	-	10,475	-	10,475
Rent	5,500	2,000	6,500	14,000	5,250	750	20,000
Shipping and Postage	36	145	-	181	334	654	1,169
Supplies and Materials	9,828	10,106	936	20,870	1,420	4,119	26,409
Telephone and Internet	669	2,371	288	3,328	2,520	354	6,202
Office Expense	170	1,915	-	2,085	3,022	2,047	7,154
Marketing and Exhibits	365	120	1,637	2,122	30	124	2,276
Repairs and Maintenance	-	7,994	-	7,994	6	-	8,000
Training and Professional Develop.	3,630	211	-	3,841	118	427	4,386
Other Miscellaneous	794	2,416	263	3,473	2,941	446	6,860
Total Expenses	\$ 68,929	\$ 231,423	\$ 47,843	\$ 348,195	\$ 61,925	\$ 104,977	\$ 515,097

The accompanying notes are an integral part of these financial statements

BOSTON AREA GLEANERS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

CASH FLOWS FROM OPERATING ACTIVITES	
Increase (Decrease) in Net Assets	\$ 51,691
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	27,698
Changes in Assets and Liabilities:	
(Increase) Decrease in: Accounts Receivable	33,808
(Increase) Decrease in: Prepaid Expenses	(5,929)
Increase (Decrease) in: Accounts Payable	6,379
Increase (Decrease) in: Accrued expenses	7,059
	<hr/>
Net cash provided (used) in operating activities	\$ <u>120,706</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	\$ <u>(88,477)</u>
 NET INCREASE IN CASH	\$ 32,229
CASH AT BEGINNING OF YEAR	\$ 297,428
 CASH AT END OF YEAR	\$ <u><u>329,657</u></u>

The accompanying notes are an integral part of these financial statements

BOSTON AREA GLEANERS, INC.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

Note 1 - Organization and Nature of Activities

Boston Area Gleaners, Inc. is a not-for-profit organization organized in September 2007, under the laws of the State of Massachusetts, dedicated to rescuing surplus farm crops for people in need.

Note 2 - Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

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.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

(b) Contributed Support

The Organization recognizes all contributed support when it is received or unconditionally pledged. Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support. When a donor 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 statement of activities as net assets released from restrictions. However, if a restriction is fully satisfied in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

(c) Revenue Recognition Fees for Services and Merchandise Sales

Revenue from services fees is recognized as revenue in the period in which the service is provided. Merchandise sales revenue is recognized at the point of sale.

BOSTON AREA GLEANERS, INC.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

(d) In-Kind Support

The Organization records in-kind support for professional services and tangible assets as required by the FASB Accounting Standards Codification. 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 provided by donations. Contributions of tangible assets are recognized at fair market value when received. For the year presented, there were contributions of goods, services or facilities for \$14,369, which met the recognition criteria and they were recorded as expenses in the Statement of Functional Expenses and similarly increase contribution revenue by a like amount in the Statement of Activities and Changes in Net Assets. In addition, the Organization received 3,529 hours of tracked volunteers labor time which does not meet the recognition criteria and therefore, has not been quantified and recorded on the Organization's books.

(e) Property and Equipment

Property and equipment acquisitions are recorded at cost or fair market value when received. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Expenditures for major renewals in excess of \$3,000 are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

(f) Cash and Cash Equivalents

Cash equivalents are included in cash. The Organization considers as cash equivalents all money market funds and other deposits which have a maturity of ninety days or less and interest-bearing investments due on demand.

(g) Accounts Receivable

Accounts receivable represents unconditional pledges receivable due as of March 31, 2018. Management provides for probable uncollectible amounts through a provision for bad debts expense. For year ended March 31, 2018, no bad debts reserve was deemed necessary.

(h) Use of 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 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.

BOSTON AREA GLEANERS, INC.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

Note 3 - Tax Status

Boston Area Gleaners, Inc. is an exempt organization under Internal Revenue Code Section 501 (c) (3) and is not considered a private foundation. The corporation is also exempt from Massachusetts income taxes.

Note 4 - Leasing Arrangement

Boston Area Gleaners, Inc. leases its premises in Waltham, Massachusetts, under a one year term from July 1st to June 30. The current annual basic rent is \$10,000. The agreement is reviewed annually on the anniversary date or date mutually agreeable to both parties. For the year ended March 31, 2018, rent expense was \$10,000, which is reported as rent expense in the accompanying statement of functional expenses.

Also, on July 25, 2017, the Organization has agreed to pay a \$10,000 facility fee for the use of a house farm for hosting volunteer groups as well as access to the coolers, equipment and storage barn. This agreement will be renegotiated every year.

Note 5 - Functional Expenses

Expenses are charged as program or administrative based on direct expenditures incurred. Shared expenses are allocated based on estimated usage or square footage, whichever method more closely correlates to the expense incurred.

Note 6 – Accounts Receivable

Accounts Receivable represents unconditional pledges receivable due as of March 31, 2018, which are due as follows:

Year ended March 31,	
2019	\$62,416
2020	25,000
Total	<u>\$85,217</u>

Note 7 - Concentrations

Cash and Cash Equivalents

The Organization maintains its funds in a combination of two federally insured bank accounts. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Although at times, the balance in these accounts may exceed the federally insured limit, the Organization has not experienced any losses on uninsured cash balances and Management believes the Organization is not exposed to any significant credit risk related to these accounts.

BOSTON AREA GLEANERS, INC.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

Note 8 - Uncertain Tax Positions

Management has evaluated the tax positions taken on returns for open years and those expected to be taken on returns for the year ended March 31, 2018. It is management's belief that such tax positions are more likely than not to be sustained upon examination by tax authorities. Accordingly, no liability for uncertain tax positions has been reflected in these financial statements. Returns for tax years beginning with those filed for the year ended December 31, 2014 are open to examination.

Note 9 - Assets Measured at Fair Value on a Recurring Basis

In accordance with the Fair Value Measurement and Disclosure topic of the FASB Accounting Standards Codification, the Organization is required to disclose, for its assets and liabilities measured at fair value on a recurring basis, the sources and types of information, known as inputs, used to determine those fair value measurements. The guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into levels 1, 2, and 3.

Level 1: Level 1 inputs are quoted prices in active markets for identical assets and liabilities that an entity has the ability to access at a measurement date.

Level 2: Level 2 inputs are inputs other than quoted prices that are observable for the specific asset or liability, either directly or indirectly.

Level 3: Level 3 inputs are unobservable inputs for the assets or liabilities in which little or no market activity is available for the asset or liability at the measurement date.

For purposes of financial reporting, the Organization has determined that the fair values of its financial instruments, which include cash and cash equivalents, approximate the carrying values under Level 1 at March 31, 2018, based on their short maturities and/or the terms available to the Organization in financial markets.

Note 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets are contributions which were received with donor stipulations that limit the use of the assets for specific purposes and/or for specific time periods. Temporarily restricted net assets at March 31, 2018, are designated for the following uses:

Operating support FYE 2018 to FYE 2019	\$115,000
Capital Grant for a truck	50,000
Healthy Food Fund	25,000
Education and Outreach Fund	20,000
Capital Grant for equipment	3,400
Total	<u>\$213,400</u>

BOSTON AREA GLEANERS, INC.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

Note 11 - Subsequent Events

The Organization evaluated subsequent events through September 15, 2018, which is the date the financial statements were available to be issued. There were no subsequent events that require adjustment to or disclosure in the financial statements.