

**BOSTON AREA GLEANERS, INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2020 and 2019**

**BOSTON AREA GLEANERS, INC.**

**Financial Statements**

**March 31, 2020 and 2019**

**C O N T E N T S**

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**RAFFOL AND COMPANY, INC.**  
*Certified Public Accountants*

Kenneth J. Raffol CPA, MST

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**INDEPENDENT AUDITORS' REPORT**

The Board of Directors of  
Boston Area Gleaners, Inc.  
Waltham, Massachusetts

We have audited the accompanying financial statements of Boston Area Gleaners, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2020 and 2019, 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.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 auditors consider 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 Boston Area Gleaners, Inc. as of March 31, 2020 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.



Needham, Massachusetts  
June 19, 2020

**BOSTON AREA GLEANERS, INC.**  
**Statements of Financial Position**  
**For the Year Ended March 31, 2020 and 2019**

<b>ASSETS</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 313,297	\$ 275,432
Accounts receivable	12,247	2,268
Pledges receivable	--	173,750
Prepaid expenses	<u>17,163</u>	<u>15,497</u>
Total current assets	342,707	466,947
<b>PROPERTY AND EQUIPMENT:</b>		
Vehicles	209,505	209,505
Furniture and equipment	<u>49,564</u>	<u>37,714</u>
	259,069	247,219
Less: accumulated depreciation	<u>136,390</u>	<u>80,471</u>
Property and equipment, net	<u>122,679</u>	<u>166,748</u>
Total assets	<u>\$ 465,386</u>	<u>\$ 633,695</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 5,663	\$ 7,340
Accrued expenses	21,469	11,270
Deferred revenue	<u>3,060</u>	<u>--</u>
Total liabilities	30,192	18,610
<b>NET ASSETS:</b>		
Net assets without donor restrictions	390,194	418,002
Net assets with donor restrictions	<u>45,000</u>	<u>197,083</u>
Total net assets	<u>435,194</u>	<u>615,085</u>
Total liabilities and net assets	<u>\$ 465,386</u>	<u>\$ 633,695</u>

See accompanying notes and independent auditors' report.

**BOSTON AREA GLEANERS, INC.**

**Statements of Activities and Changes in Net Assets**

**For the Year Ended March 31, 2020 and 2019**

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE:</b>				
Grants and contributions	\$ 321,070	\$ 100,000	\$ 421,070	\$ 534,877
Fees for service	134,735	--	134,735	115,733
Special events	25,503	--	25,503	14,587
Merchandise sales	24,809	--	24,809	1,937
Interest income	5	--	5	5
Gain (loss) on sale of equipment	--	--	--	8,784
In-kind contributions of food and services	1,558,928	--	1,558,928	1,246,103
Net assets released from restriction	<u>252,083</u>	<u>(252,083)</u>	<u>--</u>	<u>--</u>
Total support and revenue	2,317,133	(152,083)	2,165,050	1,922,026
<b>EXPENSES:</b>				
Program services	2,066,714	--	2,066,714	1,710,429
Management and administration	172,313	--	172,313	76,366
Fundraising	<u>105,914</u>	<u>--</u>	<u>105,914</u>	<u>98,753</u>
Total expenses	<u>2,344,941</u>	<u>--</u>	<u>2,344,941</u>	<u>1,885,548</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(27,808)	(152,083)	(179,891)	36,478
<b>NET ASSETS, Beginning of year</b>	<u>418,002</u>	<u>197,083</u>	<u>615,085</u>	<u>578,607</u>
<b>NET ASSETS, End of year</b>	<u>\$ 390,194</u>	<u>\$ 45,000</u>	<u>\$ 435,194</u>	<u>\$ 615,085</u>

See accompanying notes and independent auditors' report.

**BOSTON AREA GLEANERS, INC.**

**Statement of Functional Expenses**

**For the Year Ended March 31, 2020**

**With Summarized Comparatives for the Year Ended March 31, 2019**

	2020							2019
	Gleaning	Distribution	Education & Outreach	Commodity Crop Program	Total Programs	Management and Admin	Fundraising	Total
Salaries and wages	\$ 95,818	\$ 88,214	\$ 39,697	\$ 44,310	\$ 268,039	\$ 33,069	\$ 65,393	\$ 366,501
Payroll taxes and benefits	15,871	14,206	5,941	8,490	44,508	13,136	8,457	66,101
Contracted services	-	4,975	230	-	5,205	3,975	22,600	31,780
Depreciation	-	55,919	-	-	55,919	-	-	55,919
Equipment purchases and rentals	-	12,094	-	25,616	37,710	-	-	37,710
Insurance	-	-	-	-	-	12,953	-	12,953
Printing and graphic design	74	75	-	-	149	234	6,089	6,472
Professional fees	-	-	-	-	-	70,588	-	70,588
Rent	-	-	-	14,816	14,816	8,000	-	22,816
Shipping and postage	-	17	-	-	17	174	1,907	2,098
Supplies and materials	1,174	16,103	613	51,391	69,281	63	-	69,344
Telephone and internet	-	-	-	-	-	6,710	-	6,710
Office expense	437	4,544	351	379	5,711	18,290	1,433	25,434
Marketing and exhibits	-	-	1,305	-	1,305	132	35	1,472
Repairs and maintenance	-	8,136	-	-	8,136	-	-	8,136
Training and professional development	-	800	115	-	915	-	-	915
Other miscellaneous	-	-	-	-	-	1,064	-	1,064
In-kind food inventory, goods and services	1,554,303	700	-	-	1,555,003	3,925	-	1,558,928
<b>Total Expenses</b>	<b>\$ 1,667,677</b>	<b>\$ 205,783</b>	<b>\$ 48,252</b>	<b>\$ 145,002</b>	<b>\$ 2,066,714</b>	<b>\$ 172,313</b>	<b>\$ 105,914</b>	<b>\$ 2,344,941</b>
								<b>\$ 1,885,548</b>

See accompanying notes and independent auditors' report.

**BOSTON AREA CLEANERS, INC.**

**Statement of Functional Expenses**

**For the Year Ended March 31, 2019**

2019

	Gleaning	Distribution	Education & Outreach	Total Programs	Management and Admin	Fundraising	Total
Salaries and wages	\$ 44,657	\$ 153,407	\$ 47,224	\$ 245,288	\$ 23,169	\$ 58,124	\$ 326,581
Payroll taxes and benefits	10,689	26,994	13,938	51,621	2,483	10,046	64,150
Contracted services	--	6,125	--	6,125	1,750	18,360	26,235
Depreciation	--	52,056	--	52,056	--	--	52,056
Equipment purchases and rentals	3,151	32,608	97	35,856	175	--	36,031
Insurance	469	5,597	--	6,066	5,716	--	11,782
Printing and graphic design	60	--	--	60	34	6,785	6,879
Professional fees	--	--	--	--	23,952	--	23,952
Rent	22,712	5,800	250	28,762	5,250	250	34,262
Shipping and postage	22	--	--	22	64	1,365	1,451
Supplies and materials	20,932	9,786	--	30,718	83	1,319	32,120
Telephone and internet	1,291	474	--	1,765	4,181	--	5,946
Office expense	947	3,764	919	5,630	6,388	2,202	14,220
Marketing and exhibits	268	--	190	458	59	268	785
Repairs and maintenance	970	15,139	--	16,109	--	--	16,109
Training and professional development	818	--	--	818	--	--	818
Other miscellaneous	50	112	--	162	3,062	34	3,258
In-kind food inventory	1,228,913	--	--	1,228,913	--	--	1,228,913
<b>Total Expenses</b>	<b>\$ 1,335,949</b>	<b>\$ 311,862</b>	<b>\$ 62,618</b>	<b>\$ 1,710,429</b>	<b>\$ 76,366</b>	<b>\$ 98,753</b>	<b>\$ 1,885,548</b>

See accompanying notes and independent auditors' report.

**BOSTON AREA GLEANERS, INC.**

**Statements of Cash Flows**

**For the Year Ended March 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ (179,891)	\$ 36,478
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	55,919	52,056
Gain on sale of vehicle	--	(8,784)
Non-cash contributions	(1,558,928)	(1,246,103)
Non-cash expenditures	1,558,928	1,246,103
Changes in assets and liabilities:		
Accounts receivable	(9,979)	148
Pledges receivable	173,750	(88,750)
Prepaid expenses	(1,666)	2,075
Accounts payable	(1,677)	961
Accrued expenses	10,199	2,381
Deferred revenue	3,060	--
Net cash provided (used) by operating activities	49,715	(3,435)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(11,850)	(66,290)
Proceeds from the sale of assets	--	15,500
Net cash used by investing activities	(11,850)	(50,790)
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	37,865	(54,225)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	275,432	329,657
<b>CASH AND CASH EQUIVALENTS</b>		
End of year	\$ 313,297	\$ 275,432
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ --	\$ --
Cash paid for taxes	\$ --	\$ --

See accompanying notes and independent auditors' report.



**BOSTON AREA GLEANERS, INC.**

**Notes to Financial Statements**

**March 31, 2020 and 2019**

**NOTE 1 - Nature of Activities:**

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. Its core mission is dedicated to rescuing surplus farm crops and supplying them to organizations that provide them to people in need.

**NOTE 2 - Summary of Significant Accounting Policies:**

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Revenues are recognized when the services are performed, and expenses are recorded as incurred.

Basis of Presentation

As required by the FASB Accounting Standards Codification, the Organizations 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 and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Organization has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. 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 that 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.

Contributed Support

The Organization recognizes all contributed support when it is received or unconditionally pledged. Contributed support is reported as without donor restriction or with donor restriction 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, then donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities as net assets released from donor restriction. However, if a restriction is fully satisfied in the same time period in which the contribution is received, the Organization reports the support as without donor restriction.

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 Financial Statements**

**March 31, 2020 and 2019**

**(Continued)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued):**

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 as of March 31, 2020 and 2019 for, \$4,625 and \$14,369, respectively, 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 4,571 and 3,529 hours of tracked volunteers labor time for March 31, 2020 and 2019, respectively, which does not meet the recognition criteria and therefore, has not been quantified and recorded on the Organization's books.

The Organization records the total amount of gleaned product in pounds that were received. The fair market value of these donations is reported as in-kind donation on the Statement of Activities and Change in Net Assets and as an expense on the Statement of Functional Expenses. There were 987,720 and 819,306 pounds of product distributed during fiscal years 2020 and 2019, respectively with 959,446 and 731,496 of these pounds being contributed in-kind in fiscal years 2020 and 2019, respectively. The approximate average wholesale value of one pound of donated product at the national level, which was determined to be \$1.62 and \$1.68 in 2020 and 2019, respectively, was based upon a study done by one of the largest regional hunger-relief charities The Greater Boston Food Bank, Inc.. The dollar amount of these pounds distributed was determined to be \$1,554,303 and \$1,228,913 for 2020 and 2019, respectively.

Property and Equipment

All acquisitions of property and equipment in excess of \$3,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset which range from three to seven years.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

Cash and Cash Equivalents

Cash and 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.

**BOSTON AREA GLEANERS, INC.**

**Notes to Financial Statements**

**March 31, 2020 and 2019**

**(Continued)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued):**

Accounts Receivable and Pledges Receivable

At March 31, 2020 and 2019, pledges receivable consists of zero and five contributors, respectively. All accounts receivables are considered by management to be fully collectible by fiscal year 2021. Accordingly, no allowance for doubtful accounts is required. Accounts determined to be uncollectible are charged to operations in the period that the determination is made.

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 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.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation.

The Organization's information returns for the years ended March 31, 2017 through March 31, 2020 are subject to examination by the Internal Revenue Service.

Advertising

The Organization expenses advertising costs as they are incurred in the amounts of \$1,472 in 2020 and \$785 in 2019 and has categorized these costs as marketing expenses in the Schedule of Functional Expenses.

**NOTE 3 – Leasing Arrangement:**

Boston Area Gleaners, Inc. signed a year and half lease for the use of office space in Waltham, Massachusetts, from July 1, 2018 to December 31, 2019, with current annual basic rent of \$10,000. The total cost of the lease over the lease term is \$15,000. On May 15, 2020 after the date of the financial statements a new lease was signed to extend the lease until December 31, 2020. The extended lease requires payments of \$833 a month for a total annual rent of \$10,000. Rent expense includes facility fees and other tenant at will rentals. During fiscal year 2020 and 2019, the rent expense was \$22,816 and \$34,262, respectively. Future minimum lease payment for fiscal year 2021 total \$7,500.

**NOTE 4 – Concentrations:**

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 Financial Statements**

**March 31, 2020 and 2019**

**(Continued)**

**NOTE 5 – Donor Restricted Net Assets:**

Net assets with donor restrictions are contributed with donor stipulations that limit the use of the assets for specific purposes and/or for specific time periods. Net assets with donor restrictions at March 31, 2020 and 2019 are designated for the following uses:

	<u>2020</u>		<u>2019</u>
Operating support FYE 2021	\$ 20,000	Operating support FYE 2020	\$ 190,833
Healthy food fund	20,833	Development director salary	6,250
Surplus community crop	4,167	Total	<u>\$ 197,083</u>
Total	<u>\$ 45,000</u>		

**Note 6 – Liquidity and Availability of Financial Assets:**

The table below presents the Organization's financial assets available within one year to meet its general expenditures at March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
<i>Financial assets at year end:</i>		
Cash and cash equivalents	\$ 313,297	\$ 275,432
Accounts receivable	12,247	2,268
Pledges receivable	—	173,750
Total financial assets	<u>325,544</u>	<u>451,450</u>
<i>Less amounts not available to be used within one year:</i>		
Net assets with donor restrictions	<u>(45,000)</u>	<u>(197,083)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 280,544</u>	<u>\$ 254,367</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**NOTE 7 – Risk and Uncertainties:**

During the fiscal year the World Health Organization declared a novel coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. This could adversely affect the Organization's donors, members, and suppliers as a result of quarantines, facility closures, and travel and logistics restrictions in connection with the outbreak. More broadly, the outbreak could affect workforces, economies and financial markets globally, potentially leading to an economic downturn. This could decrease spending, adversely affect demand for the Organization's services and harm the Organization's business and results of operations. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact of such on the Organization's business cannot be quantified.

**BOSTON AREA GLEANERS, INC.**

**Notes to Financial Statements**

**March 31, 2020 and 2019**

**(Continued)**

**NOTE 8 – Subsequent Events:**

The Organization evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 19, 2020, which is the date the financial statements were available to be issued.

Due to the economic uncertainties relating to COVID-19 (Note 7) in April 2020 the Organization applied for and received a loan under the Paycheck Protection Program (PPP loan) in the amount of \$78,578 with an annual interest rate of 1% and matures on April 13, 2022. The loan program allows for forgiveness of debt up to the full loan amount subject to approval from the Small Business Administration (SBA). The Organization is expecting approval for partial forgiveness. In addition to the PPP loan, the Organization applied for an Economic Injury and Disaster Loan (EIDL) with the SBA and received a \$9,000 grant relating to that application. As of the date of the financial statements the EIDL application is still pending approval from the SBA.