

Raffol and Company, Inc.
Certified Public Accountants

Jonathan R. Vitale, CPA, MSA • Kenneth J. Raffol, CPA, MST • Richard A. Petrie

BOSTON AREA GLEANERS, INC.



Financial Statements

For the Years Ended March 31, 2021, and 2020

BOSTON AREA GLEANERS, INC.

Financial Statements

For the Years Ended March 31, 2021, and 2020

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Boston Area Gleaners, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, 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 audit. We conducted our audit 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, 2021, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2021, on our consideration of Boston Area Gleaners, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boston Area Gleaners Inc.'s internal control over financial reporting and compliance.

Other Matters

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Boston Area Gleaners, Inc. taken as a whole. The accompanying schedule of expenditures of Federal awards for the year ended March 31, 2021, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the financial statements as a whole.


Needham, Massachusetts
September 10, 2021

BOSTON AREA GLEANERS, INC.***Statements of Financial Position******As of March 31, 2021, and 2020***

<i>Assets</i>	<u>2021</u>	<u>2020</u>
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 1,905,140	\$ 313,297
Accounts receivable	367,141	12,247
Prepaid expenses	23,842	17,163
Other current assets	2,265	-
	<hr/>	<hr/>
<i>Total current assets</i>	2,298,388	342,707
<i>Property and Equipment:</i>		
Vehicles	491,852	209,505
Furniture and equipment	237,562	49,564
	<hr/>	<hr/>
	729,414	259,069
Less: accumulated depreciation	210,851	136,390
	<hr/>	<hr/>
<i>Property and equipment, net</i>	518,563	122,679
	<hr/>	<hr/>
<i>Total assets</i>	\$ 2,816,951	\$ 465,386
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities:</i>		
Accounts payable	\$ 180,270	\$ 5,663
Accrued expenses	52,697	21,469
Deferred revenue	8,520	3,060
	<hr/>	<hr/>
<i>Total liabilities</i>	241,487	30,192
<i>Net Assets:</i>		
Net assets without donor restrictions	1,789,359	390,194
Net assets with donor restrictions	786,105	45,000
	<hr/>	<hr/>
<i>Total net assets</i>	2,575,464	435,194
	<hr/>	<hr/>
<i>Total liabilities and net assets</i>	\$ 2,816,951	\$ 465,386
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See accompanying notes to financial statements.

BOSTON AREA GLEANERS, INC.*Statement of Activities**For the Year Ended March 31, 2021*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Support and Revenue:</i>			
Grants and contributions	\$ 1,247,434	\$ 1,181,733	\$ 2,429,167
Fees for service	121,948	-	121,948
Special events	23,475	-	23,475
Merchandise sales	13,484	-	13,484
Contract revenue	3,902,342	-	3,902,342
Net investment income	761	-	761
In-kind contributions of food and services	1,246,900	-	1,246,900
Net assets released from restrictions	440,629	(440,629)	-
<i>Total support and revenue</i>	6,996,973	741,104	7,738,077
<i>Expenses:</i>			
Program services	5,122,500	-	5,122,500
Management and administration	285,433	-	285,433
Fundraising	189,874	-	189,874
<i>Total expenses</i>	5,597,807	-	5,597,807
<i>Change in net assets</i>	1,399,166	741,104	2,140,270
<i>Net Assets, beginning of year</i>	390,194	45,000	435,194
<i>Net Assets, end of year</i>	\$ 1,789,360	\$ 786,104	\$ 2,575,464

See accompanying notes to financial statements.

BOSTON AREA GLEANERS, INC.*Statement of Activities**For the Year Ended March 31, 2020*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Support and Revenue:</i>			
Grants and contributions	\$ 321,070	\$ 100,000	\$ 421,070
Fees for service	134,735	-	134,735
Special events	25,503	-	25,503
Merchandise sales	24,809	-	24,809
Net investment income	5	-	5
Gain (loss) on sale of equipment	-	-	-
In-kind contributions of food and services	1,558,928	-	1,558,928
Net assets released from restrictions	252,083	(252,083)	-
<i>Total support and revenue</i>	2,317,133	(152,083)	2,165,050
<i>Expenses:</i>			
Program services	2,066,714	-	2,066,714
Management and administration	172,313	-	172,313
Fundraising	105,914	-	105,914
<i>Total expenses</i>	2,344,941	-	2,344,941
<i>Change in net assets</i>	(27,808)	(152,083)	(179,891)
<i>Net Assets, beginning of year</i>	418,002	197,083	615,085
<i>Net Assets, end of year</i>	\$ 390,194	\$ 45,000	\$ 435,194

See accompanying notes to financial statements.

BOSTON AREA GLEANERS, INC.

Statements of Cash Flows

For the Years Ended March 31, 2021, and 2020

	<u>2021</u>	<u>2020</u>
<i>Cash Flows from Operating Activities:</i>		
Change in net assets	\$ 2,140,270	\$ (179,891)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	74,461	55,919
Change in:		
Accounts receivable	(354,894)	(9,979)
Pledges receivable	-	173,750
Prepaid expenses	(6,679)	(1,666)
Other current assets	(2,265)	-
Accounts payable	174,607	(1,677)
Accrued expenses	31,228	10,199
Deferred revenue	5,460	3,060
	<u>2,062,188</u>	<u>49,715</u>
<i>Net cash provided by operating activities</i>		
<i>Cash Flows from Investing Activities:</i>		
Purchase of property and equipment	<u>(470,345)</u>	<u>(11,850)</u>
	<u>(470,345)</u>	<u>(11,850)</u>
<i>Net cash used in investing activities</i>		
<i>Net change in cash and cash equivalents</i>	1,591,843	37,865
<i>Cash and Cash Equivalents, beginning of year</i>	<u>313,297</u>	<u>275,432</u>
<i>Cash and Cash Equivalents, end of year</i>	<u>\$ 1,905,140</u>	<u>\$ 313,297</u>

See accompanying notes to financial statements.

BOSTON AREA GLEANERS, INC.

Statement of Functional Expenses

For the Year Ended March 31, 2021

	<i>Program Services</i>					<i>Total</i>	<i>Management and</i>		<i>Total</i>
	<i>Gleaning</i>	<i>Distribution</i>	<i>Education and Outreach</i>	<i>Food Hub</i>	<i>Emergency Response</i>		<i>Administration</i>	<i>Fundraising</i>	
Salaries and wages	\$ 184,053	\$ 114,033	\$ 7,610	\$ 88,472	\$ 167,400	\$ 561,568	\$ 45,777	\$ 86,510	\$ 693,856
Payroll taxes and benefits	22,550	13,185	6,858	10,251	18,797	71,641	18,112	9,291	99,044
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	38,208
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	1,246,900	-	-	-	-	1,246,900	-	-	1,246,900
Total expenses	\$ 1,460,850	\$ 331,754	\$ 19,566	\$ 935,911	\$ 2,374,419	\$ 5,122,500	\$ 285,433	\$ 189,874	\$ 5,597,807

See accompanying notes to financial statements.

BOSTON AREA GLEANERS, INC.

Statement of Functional Expenses

For the Year Ended March 31, 2020

	<i>Program Services</i>				<i>Total</i>	<i>Management and</i>		<i>Total</i>
	<i>Gleaning</i>	<i>Distribution</i>	<i>Education and Outreach</i>	<i>Commodity Crop Program</i>		<i>Administration</i>	<i>Fundraising</i>	
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, goods and services	1,554,303	700	-	-	1,555,003	3,925	-	1,558,928
<i>Total expenses</i>	\$ 1,667,677	\$ 205,783	\$ 48,252	\$ 145,002	\$ 2,066,714	\$ 172,313	\$ 105,914	\$ 2,344,941

See accompanying notes to financial statements.

BOSTON AREA GLEANERS, INC.

Notes to Financial Statements

For the Years Ended March 31, 2021, and 2020

Note 1. Nature of Activities

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.

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 Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), established by the Financial Accounting Standards Board (FASB). These standards require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets available that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors (the Board).

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

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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 net assets without donor restrictions and reported in the statement of activities as net assets released from donor 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 without donor restriction.

BOSTON AREA GLEANERS, INC.

Notes to Financial Statements

For the Years Ended March 31, 2021, and 2020

Note 2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents

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.

Contributed Goods and Services

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 by donations. Contributions of tangible assets are recognized at fair market value when received. For the years presented, there were contributions of goods, services or facilities as of March 31, 2021, and 2020 for \$0 and \$4,625, respectively, which met the recognition criteria. They were recorded as expenses in the statements of functional expenses and similarly increase contribution revenue by a like amount in the statements of activities. In addition, the Organization received 3,352 and 4,571 hours of tracked volunteers' labor time for March 31, 2021, and 2020, 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 677,443 and 987,720 pounds of product distributed during fiscal years 2021 and 2020, respectively, with 716,609 and 959,446 pounds being contributed in-kind, respectively. The approximate average wholesale value of one pound of donated product per the federal guidelines is estimated to be \$1.74 and \$1.62 in 2021 and 2020, respectively. The value of the food distributed was \$1,246,900 and \$1,554,303 for 2021 and 2020, 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.

BOSTON AREA GLEANERS, INC.

Notes to Financial Statements

For the Years Ended March 31, 2021, and 2020

Note 2 --Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

Costs of providing program and other activities 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
- Printing

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

- Office supplies
- Payroll taxes and benefits
- Professional fees
- Rent
- Salary
- Telephone

Cash and Cash Equivalents

Cash and cash equivalents are included in cash. The Organization considers all money market funds and other deposits that have a maturity of 90 days or less and interest-bearing investments due on demand as cash equivalents.

Accounts Receivable and Pledges Receivable

Pledges and contract receivable consist of 16 contributors at March 31, 2021; there were no contributors at March 31, 2020. All accounts receivable 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 and Assumptions

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.

BOSTON AREA GLEANERS, INC.

Notes to Financial Statements

For the Years Ended March 31, 2021, and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

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.

Advertising

The Organization expenses advertising costs as they are incurred in the amounts of \$3,354 and \$1,472 in 2021 and 2020, respectively, and has categorized these costs as marketing expenses in the statements of functional expenses.

New Accounting Pronouncements

The Organization has adopted Accounting Standards Update (ASU) 2014-09, ***Revenue from Contracts with Customers (Topic 606)***, as amended. ASU 2014-09 eliminated the transaction and industry-specific revenue recognition guidance under previous U.S. GAAP and replaced it with a principle-based approach for determining revenue recognition. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this ASU 2014-09 resulted in no significant changes in the way the Organization recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

The Organization has adopted ASU 2018-08, ***Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)***, as amended. ASU 2018-08 was issued to make it easier for not-for-profit organizations to evaluate whether gifts, grants or contracts should be accounted for as contributions, or as reciprocal (exchange) transactions accounted for under ASU 2014-09. Under the new guidance, all organizations are required to evaluate whether the resource provider (i.e., federal agency, foundation, corporation, etc.) is receiving commensurate value in a transfer of resources (i.e., assets or reduction/settlement of liabilities) and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction is to be accounted for as an exchange transaction by applying ASU 2014-09. If commensurate value is not received by the resource provider (i.e., the transaction is nonexchange), the recipient organization would determine the transaction to be a contribution and determine whether the contribution is unconditional or conditional. The standard improves the usefulness and understandability of the Organization's financial reporting.

BOSTON AREA GLEANERS, INC.

Notes to Financial Statements

For the Years Ended March 31, 2021, and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, gives donors better information without causing nonprofits to incur too much cost to provide the information. The updated standard will provide more prominent presentation of gifts-in-kind by requiring nonprofits to show contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also calls for enhanced disclosures about the valuation of those contributions and their use in programs and other activities.

Nonprofits will be required to split out the amount of contributed nonfinancial assets they receive by category and in footnotes to financial statements. For each category, the nonprofit will be required to disclose:

- Qualitative information about whether contributed nonfinancial assets were either monetized or used during the reporting period and, if used, a description of the programs or other activities in which those assets were used.
- The nonprofit's policy (if any) for monetizing rather than using contributed nonfinancial assets.
- A description of any associated donor restrictions.
- A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition.

The principal market (or most advantageous market) used to arrive at a fair value measurement if it is a market in which the recipient nonprofit is prohibited by donor restrictions from selling or using the contributed nonfinancial asset.

However, the new rule will not change the recognition and measurement requirements for those assets. ASU 2020-07 takes effect for annual periods after June 15, 2021, and interim periods within fiscal years after June 15, 2022. Retrospective application is required, and early application is permitted.

Reclassification

Certain amounts in the fiscal year 2019 financial statements have been reclassified in order to conform to the current year's presentation. The reclassification has no effect on the previously reported net assets.

Note 3. Leasing Arrangement

On May 15, 2020, a monthly tenant at will agreement was executed for a location at the UMass Facility in Waltham, Massachusetts. This agreement is for \$833 monthly payments. For the years ended 2021 and 2020, rent expense was \$9,500 and \$22,816, respectively.

On January 1, 2021, the Organization signed lease at the Stonefield Farm in Acton, Massachusetts which expired upon the purchase of the on July 30, 2021. The total rent for the year will be \$25,000 with \$15,000 due in January 2021 and \$2,000 thereafter. During the fiscal year 2021, rent expense was \$6,250.

BOSTON AREA GLEANERS, INC.

Notes to Financial Statements

For the Years Ended March 31, 2021, and 2020

Note 4. Concentration of Credit Risk

The Organization maintains its funds in a federally insured bank account and uninsured brokerage. Balances in the insured accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of March 31, 2021 the Organization had \$1,636,336 in excess of the FDIC limitation insurance.

Note 5. Paycheck Protection Program (PPP) Loan

The Organization received a loan for under the Paycheck Protection Program which allows entities to apply for low-interest private loans to pay for their payroll and certain other costs. The amount of a PPP loan is approximately equal to 2.5 times the applicant's average monthly payroll costs. The loan was completely forgiven during the year and therefore, reported as revenue.

Note 6. Net Assets with Donor Restrictions

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 are designated for the following uses:

	<u>2021</u>	<u>2020</u>
Time-restricted	\$ 166,000	\$ 20,000
Healthy food fund	20,833	20,833
Surplus community crop	-	4,167
Farm acquisition	479,931	-
Salaries	27,500	-
Capital Purchases	91,840	-
<i>Total</i>	<u>\$ 786,104</u>	<u>\$ 45,000</u>

BOSTON AREA GLEANERS, INC.

Notes to Financial Statements

For the Years Ended March 31, 2021, and 2020

Note 7. Liquidity and Availability of Financial Assets

The following table presents the Organization's financial assets available within one year to meet its general expenditures at March 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 1,047,496	\$ 313,297
Investments	857,518	12,247
Accounts receivable	319,456	-
	<hr/>	<hr/>
Total financial assets	2,224,470	325,544
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(786,105)	(45,000)
	<hr/>	<hr/>
Financial assets available to meet general expenditures within one year	<u>\$ 1,438,365</u>	<u>\$ 280,544</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 8. A. Subsequent Events (PPP Loan)

During fiscal year 2020, 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.

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 September 10, 2021, which is the date the financial statements were available to be issued.

Note 8. B. Subsequent Events (Purchase of Property)

Subsequent to year end on July 30, 2021, the Organization acquired the Stonefield Farm in Acton, Massachusetts for \$2,800,000 which they were leasing. This acquisition was funded with Community Preservation Funds from the Town of Acton of \$1,200,000 with the balance being provided by funds from the Organization. In January 2021 a one-year lease was signed with the farm until the end of the year, or the farm was purchased.

Raffol and Company, Inc.
Certified Public Accountants

Jonathan R. Vitale, CPA, MSA • Kenneth J. Raffol, CPA, MST • Richard A. Petrie

***Independent Auditors' Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance***

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

Report on Compliance for Each Major Federal Program

We have audited Boston Area Gleaners, Inc.'s compliance with the types of compliance requirements described in the *Office of Management and Budget Compliance Supplement* that could have a direct and material effect on Boston Area Gleaners, Inc.'s major Federal programs for the year ended March 31, 2021. Boston Area Gleaners, Inc.'s major Federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and terms and conditions of its Federal awards applicable to its Federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Boston Area Gleaners, Inc.'s major Federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Boston Area Gleaners, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for the major Federal program. However, our audit does not provide a legal determination of Boston Area Gleaners, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Boston Area Gleaners, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended March 31, 2021.

Report on Internal Control over Compliance

Management of Boston Area Gleaners, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Boston Area Gleaners, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boston Area Gleaners, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Needham, Massachusetts
September 10, 2021

Raffol and Company, Inc.
Certified Public Accountants

Jonathan R. Vitale, CPA, MSA • Kenneth J. Raffol, CPA, MST • Richard A. Petrie

***Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Boston Area Gleaners, Inc., which comprise the statement of financial position as of March 31, 2021, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boston Area Gleaners, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boston Area Gleaners, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Boston Area Gleaners, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boston Area Gleaners, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Boston Area Gleaners, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boston Area Gleaners, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Rappal and Company".

Needham, Massachusetts
September 10, 2021

BOSTON AREA GLEANERS, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2021

<i>Federal Grantor</i>	<i>Contract No.</i>	<i>CFDA No.</i>	<i>Federal Expenditures</i>
<u>Program Name</u>			
U.S. Department of Agriculture			
Commodity Procurement Program: Farmers to Families Food Box		10.568	* \$ 2,959,893
Rural Business Development Grant	RO119932 65414	10.351	<u>30,000</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,989,893</u></u>

* Major Programs

BOSTON AREA GLEANERS, INC.
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards (the Schedule) includes the federal grant activity of Boston Area Gleaners, Inc. (the Organization) under programs of federal government for the year ended March 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the Organization's operations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2. Summary of Significant Accounting Policies

- (1) Expenditures in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance

BOSTON AREA GLEANERS, INC.
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2021

Section 1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes _____ X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes _____ X None reported

Noncompliance material to financial statements noted? _____ Yes _____ X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes _____ X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes _____ X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings that are required to be disclosed in accordance with 2 CFR Section 200.516(a)? _____ Yes _____ X No

Identification of major programs:

<i>Name of Federal Program or Cluster</i>	<i>Contract No.</i>	<i>CFDA No.</i>	<i>Expenditures</i>
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***U.S. Department of Agriculture
Commodity Procurement Program:***

Farmers to Families Food Box	10.568	\$2,959,893
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Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes _____ X No

Prior-year audit findings? _____ Yes _____ X No