

BOSTON AREA GLEANERS, INC.
Financial Statements
March 31, 2023 and 2022
With Independent Auditor's Report

Boston Area Gleaners, Inc.
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March 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Boston Area Gleaners, Inc.:

Opinion

We have audited the financial statements of Boston Area Gleaners, Inc., a nonprofit organization (the "Organization"), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of March 31, 2023, 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 of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's 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.

Emphasis of Matter

As described above in Note 2, the Company adopted Topic 842 as of April 1, 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the Company's historic accounting under Topic 840. Our opinion is not modified with respect to this matter.

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 for one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 GAAS 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 GAAS, 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.

Other Matter

The financial statements of the Organization as of and for the year ended March 31, 2022 were audited by O'Connor & Drew, P.C., who joined with WithumSmith+Brown, PC on January 1, 2023 and expressed an unmodified opinion on those statements dated August 18, 2022.



September 21, 2023

Boston Area Gleaners, Inc.
Statements of Financial Positions
March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,274,400	\$ 1,277,610
Accounts receivable	99,636	232,198
Prepaid expenses	<u>17,275</u>	<u>9,645</u>
Total current assets	<u>1,391,311</u>	<u>1,519,453</u>
Property and equipment, net	<u>4,374,543</u>	<u>3,876,831</u>
Total assets	<u>\$ 5,765,854</u>	<u>\$ 5,396,284</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 187,079	\$ 52,496
Accrued expenses	77,757	68,388
Deferred revenue	<u>700</u>	<u>2,398</u>
Total current liabilities	<u>265,536</u>	<u>123,282</u>
Net assets		
Without donor restrictions	3,771,317	3,602,240
With donor restrictions	<u>1,729,001</u>	<u>1,670,762</u>
Total net assets	<u>5,500,318</u>	<u>5,273,002</u>
Total liabilities and net assets	<u>\$ 5,765,854</u>	<u>\$ 5,396,284</u>

The Notes to Financial Statements are an integral part of these statements.

Boston Area Gleaners, Inc.
Statements of Activities and Changes in Net Assets
Years Ended March 31, 2023 and 2022

	2023			2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenues and other support						
Grants and contributions	\$ 1,613,607	\$ 556,572	\$ 2,170,179	\$ 1,273,526	\$ 2,833,521	\$ 4,107,047
Fees for service	254,692	-	254,692	87,983	-	87,983
Special events	29,034	-	29,034	29,063	-	29,063
Merchandise sales	25,216	-	25,216	9,971	-	9,971
Brokerage sales	824,404	-	824,404	1,037,645	-	1,037,645
Net investment income	20,375	-	20,375	398	-	398
In-kind contributions of food and services	1,517,155	-	1,517,155	2,089,649	-	2,089,649
Net assets released from donor restriction	498,333	(498,333)	-	1,948,863	(1,948,863)	-
Total operating revenues and other support	<u>4,782,816</u>	<u>58,239</u>	<u>4,841,055</u>	<u>6,477,098</u>	<u>884,658</u>	<u>7,361,756</u>
Expenses						
Program services	3,941,618	-	3,941,618	4,058,194	-	4,058,194
Management and administration	439,479	-	439,479	393,517	-	393,517
Fundraising	232,642	-	232,642	212,507	-	212,507
Total expenses	<u>4,613,739</u>	<u>-</u>	<u>4,613,739</u>	<u>4,664,218</u>	<u>-</u>	<u>4,664,218</u>
Changes in net assets from operating activities	169,077	58,239	227,316	1,812,880	884,658	2,697,538
Net assets						
Beginning 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>
End of year	<u>\$ 3,771,317</u>	<u>\$ 1,729,001</u>	<u>\$ 5,500,318</u>	<u>\$ 3,602,240</u>	<u>\$ 1,670,762</u>	<u>\$ 5,273,002</u>

The Notes to Financial Statements are an integral part of these statements.

Boston Area Gleaners, Inc.
Statement of Functional Expenses
Year Ended March 31, 2023

	Program Services			Total Program Services	Supporting Services		Total
	Food Access	Food Hub	Farm		Management and General	Fundraising	
Salaries and related costs							
Salaries	\$ 350,393	\$ 234,410	\$ 332,098	\$ 916,901	\$ 150,479	\$ 161,282	\$ 1,228,662
Employee benefits and payroll taxes	67,910	45,432	64,365	177,707	29,165	31,259	238,131
Total salaries and related costs	<u>418,303</u>	<u>279,842</u>	<u>396,463</u>	<u>1,094,608</u>	<u>179,644</u>	<u>192,541</u>	<u>1,466,793</u>
Expenses							
Contracted services	-	-	325	325	32,143	28,361	60,829
Depreciation	225,535	-	-	225,535	-	-	225,535
Equipment purchases and rentals	17,420	24,081	14,316	55,817	2,906	-	58,723
Lease expense	22,020	-	-	22,020	-	-	22,020
Insurance	-	-	-	-	35,317	-	35,317
Printing and graphic design	-	-	-	-	661	6,313	6,974
Professional fees	-	10,000	-	10,000	111,835	-	121,835
Rent	4,000	4,000	4,000	12,000	2,400	-	14,400
Shipping and postage	-	-	-	-	1,672	-	1,672
Supplies and materials	188,126	639,370	92,995	920,491	2,347	2,598	925,436
Utilities and telephone	8,575	8,575	10,156	27,306	27,898	-	55,204
Office expense	1,578	2,775	7,549	11,902	31,883	1,625	45,410
Marketing and exhibits	-	115	-	115	3,922	1,204	5,241
Repairs and maintenance	-	-	43,654	43,654	762	-	44,416
Training and professional development	-	-	124	124	2,044	-	2,168
Other miscellaneous	-	-	566	566	4,045	-	4,611
In-kind food, goods and services	1,517,155	-	-	1,517,155	-	-	1,517,155
Total expenses	<u>1,984,409</u>	<u>688,916</u>	<u>173,685</u>	<u>2,847,010</u>	<u>259,835</u>	<u>40,101</u>	<u>3,146,946</u>
Total operating expenses	<u>\$ 2,402,712</u>	<u>\$ 968,758</u>	<u>\$ 570,148</u>	<u>\$ 3,941,618</u>	<u>\$ 439,479</u>	<u>\$ 232,642</u>	<u>\$ 4,613,739</u>

The Notes to Financial Statements are an integral part of this statement.

Boston Area Gleaners, Inc.
Statement of Functional Expenses
Year Ended March 31, 2022

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

The Notes to Financial Statements are an integral part of this statement.

Boston Area Gleaners, Inc.
Statements of Cash Flows
Years Ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating activities		
Changes in net assets	\$ 227,316	\$ 2,697,538
Adjustments to reconcile the changes in net assets to net cash provided by operating activities		
Depreciation	225,535	162,724
Changes in assets and liabilities		
Accounts receivable	132,562	134,943
Prepaid expenses	(7,630)	14,197
Other current assets	-	2,265
Accounts payable	134,583	(127,774)
Accrued expenses	9,369	15,691
Deferred revenue	(1,698)	(6,122)
Net cash provided by operating activities	<u>720,037</u>	<u>2,893,462</u>
Investing activity		
Acquisition of property and equipment	<u>(723,247)</u>	<u>(3,520,992)</u>
Net change in cash and cash equivalents	(3,210)	(627,530)
Cash and cash equivalents		
Beginning of year	<u>1,277,610</u>	<u>1,905,140</u>
End of year	<u>\$ 1,274,400</u>	<u>\$ 1,277,610</u>

Supplemental Non-Cash Disclosure

The Organization assumed a lease liability of \$75,890 as of April 1, 2022 along with a corresponding right-of-use asset for a vehicle for the same amount. As discussed in Note 4, this lease was not renewed and subsequently charged off at March 31, 2023.

The Notes to Financial Statements are an integral part of these statements.

Boston Area Gleaners, Inc.
Notes to Financial Statements
March 31, 2023 and 2022

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.

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.

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 5,901 and 7,738 hours of tracked volunteers' labor time for March 31, 2023 and 2022, respectively, which does not meet the recognition criteria and, therefore, has not been recorded on the Organization's books.

Boston Area Gleaners, Inc.
Notes to Financial Statements
March 31, 2023 and 2022

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 1,238,935 and 989,176 pounds of product distributed during fiscal years 2023 and 2022, respectively, with 790,185 and 1,167,402 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 \$1.92 and \$1.79 in 2023 and 2022, respectively. The value of the food contributed was \$1,517,155 and \$2,089,649 for 2023 and 2022, respectively.

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>2023</u>	<u>2022</u>
Performance obligation satisfied at point in time		
Fees for service	\$ 254,692	\$ 87,983
Special events	29,034	29,063
Merchandise sales	25,216	9,971
Performance obligation satisfied over time		
Brokerage sales	824,404	1,037,645
	<u>\$ 1,133,346</u>	<u>\$ 1,164,662</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.

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.

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.

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. The Organization does not have any contract assets or liabilities as of the fiscal year ends.

Boston Area Gleaners, Inc.
Notes to Financial Statements
March 31, 2023 and 2022

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 Cash Equivalents

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

Accounts Receivable

Pledges and contract receivables consist of 28 and 30 contributors at March 31, 2023 and 2022, respectively. All accounts receivables are considered to be fully collectible by management in fiscal year 2024. 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, 2023 and 2022, management has concluded an allowance for doubtful accounts was not required due to the Organization not having any pledges outstanding as of either year end.

Boston Area Gleaners, Inc.
Notes to Financial Statements
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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 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.

Leases

The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow us to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statement of financial position. The Organization had no finance leases during 2023 and 2022.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

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.

Boston Area Gleaners, Inc.
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Advertising

The Organization expenses advertising costs as they are incurred in the amounts of \$5,241 and \$14,588 in 2023 and 2022, respectively, and has categorized these costs as marketing expenses in the statements of functional expenses.

2. LEASES

In February 2016, the Financial Accounting Standards Board (“FASB”) issued an Accounting Standards Update (“ASU”) amending the accounting for leases. The Organization adopted the new standard effective April 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as the Organization utilized the practical expedient available under the guidance. Further, the Organization elected to implement the package of practical expedients, whereby the Organization did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs. The implementation of this standard did not have a material impact to statements of activities or cash flows.

Upon adoption, the Organization recognized \$75,890 in right-of-use (“ROU”) assets related to its leased property and equipment. Corresponding lease liabilities of \$75,890 were also recognized. There was no cumulative effect of applying the new standard and accordingly there was no adjustment to net assets upon adoption.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31:

	<u>2023</u>	<u>2022</u>
Equipment and software	\$ 26,033	\$ 26,033
Vehicles	933,057	876,057
Furniture and equipment	491,821	364,472
Farm building and land	2,712,504	2,712,504
Construction in progress	<u>810,239</u>	<u>271,341</u>
	4,973,654	4,250,407
Less: Accumulated depreciation	<u>(599,111)</u>	<u>(373,576)</u>
Net Property and Equipment	<u>\$ 4,374,543</u>	<u>\$ 3,876,831</u>

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 (fiscal year 2022). The land is restricted for the agricultural purposes and shown as an asset with donor restrictions with the CPA restrictions disclosed in Note 5.

4. OPERATING LEASE

The Organization leased a vehicle under a long-term, non-cancelable operating lease agreement. The lease was set to expire March 2026 and provides for renewal options ranging from month to month to another fixed term, unless notice of termination was provided to the lessor with 6 months notice before March 31, 2023, which was provided. The renewal options have not been included in the lease liability calculation, since it is not reasonably certain that they will be exercised, based on general uncertainties that come with the passage of time.

Boston Area Gleaners, Inc.
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The lease provides for even minimum rental payments throughout the course of the lease. Because the rates implicit in the lease is generally not available, the Organization utilizes its incremental borrowing rate as the discount rate.

Since the termination notice was provided timely, the Organization adjusted the carrying amount of its right-of-use asset against its corresponding liability as of March 31, 2023 to reduce each to a balance of zero. The Organization no longer has access to the vehicle, nor does it have an obligation for any payments related to the vehicle.

Lease expense comprises of \$16,810 of amortization of right-of-use asset and \$5,210 of interest on lease liabilities. The weighted average discount rate associated with its operating lease is 7.84%.

5. NET ASSETS

Net Assets Without Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Unrestricted	\$ 3,771,317	\$ 3,602,240

Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Timing restriction		
General operations	\$ -	\$ 83,000
Purpose restrictions		
Other	18,835	24,500
CPA land use	1,200,000	1,200,000
Farm acquisition	75,166	92,852
Capital purchases	435,000	270,410
Net assets with donor restrictions	<u>\$ 1,729,001</u>	<u>\$ 1,670,762</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:

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	<u>2023</u>	<u>2022</u>
Timing restriction		
General operations	\$ 83,000	\$ 83,000
Purpose restrictions		
Healthy food fund	-	20,833
Other	31,164	6,500
Farm acquisition	113,758	1,409,600
Salaries	-	27,500
Capital purchases	<u>270,411</u>	<u>401,430</u>
	<u>\$ 498,333</u>	<u>\$ 1,948,863</u>

6. COMMITMENTS

On January 1, 2021, the Organization signed a commitment 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 year 2023 and 2022, rent expense was \$12,000 for each year. The Organization has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with an initial term of 12 months or less are not recognized on the balance sheet.

7. 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. The Organization has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows.

The money market account balance of \$975,507 and \$757,592, is covered for up to \$500,000 under the Securities Investment Protection Corporation ("SIPC") protection for brokerage accounts for the years ended March 31, 2023 and 2022, respectively.

8. AVAILABILITY AND LIQUIDITY

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

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash and equivalents	\$ 1,274,400	\$ 1,277,614
Current portion of accounts receivable	<u>99,636</u>	<u>232,198</u>
Total financial assets	1,374,036	1,509,812
Less amounts not available to be used within one year:		
Net assets with donor restrictions related to above	<u>(529,001)</u>	<u>(470,764)</u>
Add back		
Release of net assets with donor restrictions for general expenditures within one year	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 845,035</u>	<u>\$ 1,039,048</u>

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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, 2023 and 2022, management believes the Organization does not have any liquidity issues.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 21, 2023, 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, 2023 requiring disclosure in these financial statements.