

BOSTON AREA GLEANERS, INC.

FINANCIAL STATEMENTS

MARCH 31, 2019 and 2018

BOSTON AREA GLEANERS, INC.

Financial Statements

March 31, 2019 and 2018

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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 statement of financial position as of March 31, 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 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, 2019 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.

Report on Summarized Comparative Information and Prior Period Financial Statements

The financial statements of Boston Area Gleaners Inc. as of March 31, 2018, were audited by other auditors who report dated September 15, 2018, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended March 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived, except for the change in accounting method to record the receipt and distribution of donated produce. See note 2 titled change in prior year accounting of in-kind support.

Raffa Land Company, Inc.

Needham, Massachusetts
July 19, 2019

BOSTON AREA GLEANERS, INC.
Statements of Financial Position
For the Year Ended March 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 275,432	\$ 329,657
Accounts receivable	2,268	2,416
Pledges receivable	173,750	85,000
Prepaid expenses	<u>15,497</u>	<u>17,572</u>
Total current assets	466,947	434,645
PROPERTY AND EQUIPMENT:		
Vehicles	209,505	174,403
Furniture and equipment	<u>37,714</u>	<u>34,315</u>
	247,219	208,718
Less: accumulated depreciation	<u>80,471</u>	<u>49,488</u>
Property and equipment, net	<u>166,748</u>	<u>159,230</u>
Total assets	<u>\$ 633,695</u>	<u>\$ 593,875</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 7,340	\$ 6,379
Accrued expenses	<u>11,270</u>	<u>8,889</u>
Total liabilities	18,610	15,268
NET ASSETS:		
Net assets without donor restrictions	418,002	365,207
Net assets with donor restrictions	<u>197,083</u>	<u>213,400</u>
Total net assets	<u>615,085</u>	<u>578,607</u>
Total liabilities and net assets	<u>\$ 633,695</u>	<u>\$ 593,875</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, 2019 and 2018

	<u>2019</u>		<u>2018</u>	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
SUPPORT AND REVENUE:				
Grants and contributions	\$ 194,877	\$ 340,000	\$ 534,877	\$ 456,861
Fees for service	115,733	--	115,733	75,395
Special events	14,587	--	14,587	31,270
Merchandise sales	1,937	--	1,937	3,257
Interest income	5	--	5	5
Gain (loss) on sale of equipment	8,784	--	8,784	--
In-kind contributions of food and services	1,246,103	--	1,246,103	1,077,942
Net assets released from restriction	<u>356,317</u>	<u>(356,317)</u>	<u>--</u>	<u>--</u>
Total support and revenue	1,938,343	(16,317)	1,922,026	1,644,730
EXPENSES:				
Program services	1,710,429	--	1,710,429	1,426,137
Management and administration	76,366	--	76,366	61,925
Fundraising	<u>98,753</u>	<u>--</u>	<u>98,753</u>	<u>104,977</u>
Total expenses	<u>1,885,548</u>	<u>--</u>	<u>1,885,548</u>	<u>1,593,039</u>
INCREASE (DECREASE) IN NET ASSETS	52,795	(16,317)	36,478	51,691
NET ASSETS, Beginning of year	<u>365,207</u>	<u>213,400</u>	<u>578,607</u>	<u>526,916</u>
NET ASSETS, End of year	<u>\$ 418,002</u>	<u>\$ 197,083</u>	<u>\$ 615,085</u>	<u>\$ 578,607</u>

See accompanying notes and independent auditors' report.

BOSTON AREA GLEANERS, INC.
Statements of Functional Expenses
For the Year Ended March 31, 2019 and 2018

	2019					2018	
	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
Total Expenses	\$ 1,335,949	\$ 311,862	\$ 62,618	\$ 1,710,429	\$ 76,366	\$ 98,753	\$ 1,885,548
							\$ 1,593,039

See accompanying notes and independent auditors' report.

BOSTON AREA GLEANERS, INC.
Statements of Cash Flows
For the Year Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 36,478	\$ 51,691
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	52,056	27,698
Gain on sale of vehicle	(8,784)	--
Non-cash contributions	(1,246,103)	(1,077,942)
Non-cash expenditures	1,246,103	1,077,942
Changes in Assets and Liabilities:		
Accounts receivable	148	33,808
Pledges receivable	(88,750)	
Prepaid expenses	2,075	(5,929)
Accounts payable	961	6,379
Accrued expenses	<u>2,381</u>	<u>7,059</u>
Net cash provided (used) by operating activities	(3,435)	120,706
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(66,290)	(88,477)
Proceeds from the sale of assets	<u>15,500</u>	<u>--</u>
Net cash used by investing activities	<u>(50,790)</u>	<u>(88,477)</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	(54,225)	32,229
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>329,657</u>	<u>297,428</u>
CASH AND CASH EQUIVALENTS		
End of year	<u>\$ 275,432</u>	<u>\$ 329,657</u>
Supplemental disclosures of cash flow information:		
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, 2019 and 2018

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, 2019 and 2018

(Continued)

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

Change in Prior Year Accounting of In-kind Support

During fiscal year March 31, 2019, the Organization choose to value the in-kind receipts and distribution of produce as well as show summarized comparative financial statements, which was a change in presentation from the fiscal year March 31, 2018 financial statements. The change to the prior year financial statements increases revenue by \$1,077,942 and expenses by \$1,077,942. There is no change to the ending net income, balance sheet and net assets for the fiscal year March 31, 2018. See below for a comparison of the change:

	<u>As Reported</u> <u>March 31, 2018</u>	<u>After Change</u> <u>March 31, 2018</u>	<u>Effect of</u> <u>Change</u>
SUPPORT AND REVENUE:			
Grants and contributions	\$ 456,861	\$ 456,861	\$ --
Fees for service	75,395	75,395	--
Special events, net of \$1,966 direct costs	31,270	31,270	--
Merchandise sales, net of \$3,675 costs	3,257	3,257	--
Interest income	5	5	--
In-kind contributions of food and services	--	1,077,942	1,077,942
Net assets released from restriction	--	--	--
Total support and revenue	<u>566,788</u>	<u>1,644,730</u>	<u>1,077,942</u>
EXPENSES:			
Program services	348,195	1,426,137	1,077,942
Management and administration	61,925	61,925	--
Fundraising	<u>104,977</u>	<u>104,977</u>	<u>--</u>
Total expenses	<u>515,097</u>	<u>1,593,039</u>	<u>1,077,942</u>
INCREASE (DECREASE) IN NET ASSETS	51,691	51,691	--
NET ASSETS, Beginning of year	<u>526,916</u>	<u>526,916</u>	<u>--</u>
NET ASSETS, End of year	<u>\$ 578,607</u>	<u>\$ 578,607</u>	<u>\$ --</u>

BOSTON AREA GLEANERS, INC.

Notes to Financial Statements

March 31, 2019 and 2018

(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, 2019 and 2018 for, \$17,190 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 4,094 and 3,529 hours of tracked volunteers labor time for March 31, 2019 and 2018, respectively, which does not meet the recognition criteria and therefore, has not been quantified and recorded on the Organization's books.

During fiscal year 2019 the Organization began recording the total amount of gleaned product in pounds that were received. The fair market value of this donation was 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 819,306 pounds of product distributed during fiscal year 2019 with 731,496 of these pounds being contributed in-kind. The approximate average wholesale value of one pound of donated product at the national level, which was determined to be \$1.68 during 2019, was based upon a study done by one of the nation's largest hunger-relief charities Feeding America. The dollar amount of these pounds distributed was determined to be \$1,228,913.

During fiscal year 2018 the Organization received and distributed 641,632 pounds of produce in-kind with a dollar value of \$1,077,942 based on \$1.68 per pound. See note above for reference to change in prior year reporting.

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 various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Schedules of Functional Expenses. Accordingly, certain costs have been allocated among the programs and services benefited.

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, 2019 and 2018

(Continued)

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

Accounts Receivable and Pledges Receivable

At March 31, 2019 and 2018, pledges receivable consists of five and three contributors, respectively. All accounts receivables are considered by management to be fully collectible by fiscal year 2020. 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 believes that there are no uncertain tax positions that would require disclosures in these financial statements.

The Organization's information returns for the years ended March 31, 2016 through March 31, 2019 are subject to examination by the Internal Revenue Service.

Advertising

The Organization expenses advertising costs as they are incurred in the amounts of \$785 in 2019 and \$2,276 in 2018 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. Rent expense includes facility fees and other tenant at will rentals. During fiscal year 2019 and 2018, the rent expense was \$34,262 and \$20,000, respectively. Future minimum lease payment for fiscal year 2020 total \$5,000.

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, 2019 and 2018

(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, 2019 and 2018 are designated for the following uses:

	<u>2019</u>		<u>2018</u>
Operating support FYE 2020	\$ 190,833	Operating support FYE 2018 to FYE 2019	\$ 115,000
Development director salary	<u>6,250</u>	Capital grant for a truck	50,000
Total	<u>\$ 197,083</u>	Healthy food fund	25,000
		Education and outreach fund	20,000
		Capital grant for equipment	<u>3,400</u>
		Total	<u>\$ 213,400</u>

Note 6 – Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 275,432	\$ 329,657
Accounts receivable	2,268	2,416
Pledges receivable	173,750	85,000
Less: donor restricted cash	(23,333)	(153,400)
Less: donor restricted pledges	<u>(173,750)</u>	<u>(60,000)</u>
Total financial assets available to meet cash for general expenses within one year	<u>\$ 254,367</u>	<u>\$ 203,673</u>

NOTE 7 - Subsequent Events:

The Organization has evaluated subsequent events through July 19, 2019, the date on which the financial statements were available to be issued. There were no subsequent events that require adjustment to or disclosure in the financial statements.