

**AUDITED FINANCIAL STATEMENTS**

**NORTHAMPTON SURVIVAL CENTER, INC.**

*Northampton, Massachusetts*

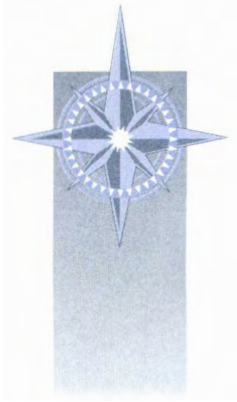
**June 30, 2020**

***Boisselle, Morton & Wolkowicz, LLP***  
*Certified Public Accountants*

# NORTHAMPTON SURVIVAL CENTER, INC.

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## **Independent Auditors' Report**

To the Board of Directors  
**Northampton Survival Center, Inc.**  
Northampton, Massachusetts

We have audited the accompanying financial statements of Northampton Survival Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Northampton Survival Center, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited Northampton Survival Center, Inc.'s June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Boisselle, Morton & Wolkowicz, LLP*

Hadley, Massachusetts  
November 13, 2020

**NORTHAMPTON SURVIVAL CENTER, INC.**  
Statement of Financial Position  
June 30, 2020 (with comparative totals for June 30, 2019)

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Assets		
Cash and cash equivalents	\$ 983,002	\$ 414,036
Pledges receivable, net	500	55,434
Grants and other receivables	14,562	11,586
Food inventory	61,952	52,163
Prepaid expenses	15,514	13,279
Property and equipment, net	886,540	929,602
Investments	<u>623,557</u>	<u>587,724</u>
 Total assets	 <u>\$ 2,585,627</u>	 <u>\$ 2,063,824</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 9,402	\$ 24,582
Accrued expenses	23,068	16,143
Note payable	<u>72,487</u>	<u>          </u>
Total liabilities	<u>104,957</u>	<u>40,725</u>
Net Assets		
Without donor restrictions		
Available for operations	953,237	481,344
Property and equipment related	886,540	929,602
Unavailable for operations:		
Board-designated fund (Note 4)	<u>304,071</u>	<u>288,153</u>
Total net assets without donor restrictions	2,143,848	1,699,099
With donor restrictions (Note 6)	<u>336,822</u>	<u>324,000</u>
Total net assets	<u>2,480,670</u>	<u>2,023,099</u>
 Total liabilities and net assets	 <u>\$ 2,585,627</u>	 <u>\$ 2,063,824</u>

The accompanying notes are an integral part of these financial statements.

**NORTHAMPTON SURVIVAL CENTER, INC.**

Statement of Activities

Year Ended June 30, 2020 (with comparative totals for the year ended June 30, 2019)

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and support				
Donated food	\$ 1,600,764		\$ 1,600,764	\$ 1,413,602
Donations	1,060,339		1,060,339	506,066
Grants - other	116,135	\$ 25,000	141,135	161,308
Community Development Block Grant	36,438		36,438	43,472
United Way	43,045		43,045	37,589
Investment income	12,184	19,915	32,099	31,141
Donated supplies and services	2,335		2,335	5,271
Miscellaneous	1,040		1,040	133
Net assets released from restrictions	32,093	(32,093)		
Total revenue and support	<u>2,904,373</u>	<u>12,822</u>	<u>2,917,195</u>	<u>2,198,582</u>
Expenses				
Program	2,194,905		2,194,905	1,953,728
Administration	116,332		116,332	115,481
Development	148,387		148,387	148,429
Total expenses	<u>2,459,624</u>		<u>2,459,624</u>	<u>2,217,638</u>
Change in net assets	444,749	12,822	457,571	(19,056)
Net assets - beginning of year	<u>1,699,099</u>	<u>324,000</u>	<u>2,023,099</u>	<u>2,042,155</u>
Net assets - end of year	<u>\$ 2,143,848</u>	<u>\$ 336,822</u>	<u>\$ 2,480,670</u>	<u>\$ 2,023,099</u>

The accompanying notes are an integral part of these financial statements.

**NORTHAMPTON SURVIVAL CENTER, INC.**

Statement of Functional Expenses

Year Ended June 30, 2020 (with comparative totals for the year ended June 30, 2019)

	2020				2019
	<u>Program</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>	<u>Total</u>
Employee compensation and related:					
Salaries	\$ 197,023	\$ 64,291	\$ 98,692	\$ 360,006	\$ 341,533
Payroll taxes	15,709	5,245	7,525	28,479	27,410
Fringe benefits	24,511	8,267	12,691	45,469	39,783
Employee compensation and related:	<u>237,243</u>	<u>77,803</u>	<u>118,908</u>	<u>433,954</u>	<u>408,726</u>
Donated food	1,586,649			1,586,649	1,426,313
Purchased food	229,883			229,883	184,638
Depreciation	47,930	10,652		58,582	46,604
Printing	3,640		16,466	20,106	27,323
Professional fees		14,263		14,263	19,313
Office	12,909	3,055	840	16,804	13,934
Utilities	10,298	2,162	670	13,130	15,178
Insurance	8,039	3,872	532	12,443	12,246
Repairs and maintenance	7,718	1,666		9,384	10,065
Advertising and promotion	2,432		4,016	6,448	9,418
Donated supplies and services		325	2,010	2,335	5,271
Fundraising events			2,938	2,938	4,502
Postage	2,361	665	1,506	4,532	3,279
Telephone and internet	4,924	1,166	321	6,411	6,136
Food transportation	3,145			3,145	3,983
Furnishings and small equipment	22,008			22,008	5,549
Supplies	11,304			11,304	8,234
Rent	2,765	655	180	3,600	3,600
Travel	1,657	48		1,705	3,326
Total expenses	<u>\$ 2,194,905</u>	<u>\$ 116,332</u>	<u>\$ 148,387</u>	<u>\$ 2,459,624</u>	<u>\$ 2,217,638</u>

The accompanying notes are an integral part of these financial statements.

**NORTHAMPTON SURVIVAL CENTER, INC.**

Statement of Cash Flows

Year Ended June 30, 2020 (with comparative totals for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 457,571	\$ (19,056)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	58,582	46,604
Realized gain on investments	(3,719)	(6,819)
Unrealized gain on investments	(9,520)	(525)
Change in discount for present value of pledges		(1,104)
Change in allowance for doubtful accounts	(700)	200
Change in assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	55,634	82,233
Grants and other receivables	(2,976)	(11,586)
Food inventory	(9,789)	12,711
Prepaid expenses	(2,235)	(270)
(Decrease) increase in:		
Accounts payable	(15,180)	16,640
Accrued expenses	6,925	35
Net cash provided by operating activities	<u>534,593</u>	<u>119,063</u>
Cash flows from investing activities		
Purchases of property and equipment	(15,520)	(70,262)
Purchases of investments	(323,980)	(241,095)
Sale of investments	<u>301,386</u>	<u>181,844</u>
Net cash used by investing activities	<u>(38,114)</u>	<u>(129,513)</u>
Cash flows from financing activities		
Proceeds from note payable	<u>72,487</u>	
Net cash provided by financing activities	<u>72,487</u>	
Net increase (decrease) in cash and cash equivalents	568,966	(10,450)
Cash and cash equivalents - beginning of year	<u>414,036</u>	<u>424,486</u>
Cash and cash equivalents - end of year	<u>\$ 983,002</u>	<u>\$ 414,036</u>
 <u>Supplemental disclosures of non-cash operating activities:</u>		
Donated food support	\$ (1,600,764)	\$ (1,413,602)
Donated food expense	\$ 1,586,649	\$ 1,426,313

The accompanying notes are an integral part of these financial statements.



# NORTHAMPTON SURVIVAL CENTER, INC.

Notes to the Financial Statements

June 30, 2020

## 1. Summary of Significant Accounting Policies

*Mission:* Northampton Survival Center, Inc. is dedicated to improving the quality of life for low-income individuals and families throughout Hampshire County by providing nutritious food and other resources in an atmosphere of dignity and respect.

*Tax Status:* Northampton Survival Center, Inc. is a not-for-profit corporation organized under Massachusetts General Laws Chapter 180. Northampton Survival Center, Inc. is exempt from federal and state corporate income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, Northampton Survival Center, Inc. qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

*Accounting Method:* The financial statements of Northampton Survival Center, Inc. are prepared on the accrual basis.

*Basis of Presentation:* The net assets of Northampton Survival Center, Inc. are reported in each of the following two classes when applicable: net assets without donor restrictions and net assets with donor restrictions. Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets are without donor restrictions and are reported as part of that class.

Northampton Survival Center, Inc. recognizes contributions when the promise to give is received. Northampton Survival Center, Inc. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of this support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Contributions of services are recognized as revenue if they (a) create or enhance non-financial assets or (b) if they require specialized skills which are provided by individuals possessing those skills and if such services would typically need to be purchased if not provided by donations. Contributions of materials are recognized as revenue at their fair market value.

*Cash and Cash Equivalents:* Northampton Survival Center, Inc. considers checking, savings, cash on hand, certificates of deposit, and an investment account used to receive stock donations as cash and cash equivalents.

*Pledges Receivable:* Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

# NORTHAMPTON SURVIVAL CENTER, INC.

Notes to the Financial Statements (Continued)

June 30, 2020

## 1. Summary of Significant Accounting Policies (Continued)

*Donated Food:* Valuation of donated food items is based on the approximate average wholesale value of one pound of donated product as calculated in the Product Valuation Survey Methodology prepared by Feeding America, formerly known as, America's Second Harvest. The valuation was \$1.74 and \$1.62 per pound for the years ended June 30, 2020 and 2019, respectively.

*Capitalization of Expenses:* The cost, if purchased, and fair value, if donated, of property and equipment is capitalized. Northampton Survival Center, Inc. capitalizes property and equipment with a cost of \$2,500 or more. Costs of maintenance and repairs are expensed as incurred.

*Depreciation:* Depreciation is computed by the straight-line method over the following useful lives:

Leasehold improvements	15-30 years
Furniture and equipment	3-10 years
Vehicle	5-10 years

*Investments:* Investments are comprised of money market funds, fixed income, and equities and are reported at fair market value. Investments received as gifts are recorded at fair market value at the date of the gift.

*Fair Value Measurements:* Accounting standards have established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

*Use of Estimate:* 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Comparative Information:* The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

## NORTHAMPTON SURVIVAL CENTER, INC.

Notes to the Financial Statements (Continued)

June 30, 2020

### 1. Summary of Significant Accounting Policies (Continued)

*Fair Value Measurements (Continued)*: Inputs to the valuation methodology for the three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets. Market price is generally obtained from exchange or dealer markets.
Level 2	Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Unobservable and significant to the fair value measurement.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Northampton Survival Center, Inc. had only Level 1 investments during the years ended June 30, 2020 and 2019.

*Endowments*: Northampton Survival Center, Inc. follows guidance from accounting standards generally accepted in the United States of America on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

The Board of Directors of Northampton Survival Center, Inc. established the Feeding the Future Fund campaign during the year ended June 30, 2016, to ensure that Northampton Survival Center, Inc. will be a place of stability and dignity and have a lasting commitment to bold action in response to the needs of the people served. The Feeding the Future campaign consists of a board-designated portion, the "Fund" and a permanently restricted portion, the "the Endowment". Both the Fund and the Endowment consist of donations that are invested in investment accounts that are managed by an outside investment brokerage firm, as well as pledges receivable for the Endowment (See Note 4).

# NORTHAMPTON SURVIVAL CENTER, INC.

Notes to the Financial Statements (Continued)

June 30, 2020

## 1. Summary of Significant Accounting Policies (Continued)

*Endowments (Continued):* The Board of Directors oversee the overall investment activity and monitor investment performance. Northampton Survival Center, Inc.'s intent is to have the endowment's corpus be preserved and that withdrawals from the endowment during any fiscal year will not exceed the amount by which the endowment appreciated during the preceding fiscal year.

*Expense Allocation:* Expenses are charged to programs and supporting services on the basis of job duties and space allocation analyses. Administration and other supporting services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Northampton Survival Center, Inc.

*Reclassifications:* Certain reclassifications have been made to the year ended June 30, 2019 comparative totals to conform to the year ended June 30, 2020 presentation. These reclassifications have no effect on the previously reported change in net assets for the year ended June 30, 2019.

## 2. Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded at face value less a discount for the present value of future cash flows. Pledges receivable were \$55,434 at June 30, 2019. There were no pledges receivable at June 30, 2020.

## 3. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 101,788	\$ 95,153
Leasehold improvements	1,207,347	1,198,462
Vehicle	<u>74,040</u>	<u>74,040</u>
	1,383,175	1,367,655
Less accumulated depreciation	<u>496,635</u>	<u>438,053</u>
Total property and equipment	\$ <u>886,540</u>	\$ <u>929,602</u>

Depreciation expense was \$58,582 and \$46,604 for the years ended June 30, 2020 and 2019, respectively.

## NORTHAMPTON SURVIVAL CENTER, INC.

Notes to the Financial Statements (Continued)

June 30, 2020

### 4. Endowment

The Board of Directors of Northampton Survival Center, Inc. established the Feeding the Future Fund campaign during the year ended June 30, 2016, to ensure that Northampton Survival Center, Inc. will be a place of stability and dignity and have a lasting commitment to bold action in response to the needs of the people served. The Feeding the Future campaign consists of the following:

#### **Without Donor Restrictions, Board-designated Fund**

The Board of Directors of Northampton Survival Center, Inc. established the Feeding the Future Fund (the "Fund") during the year ended June 30, 2016. Northampton Survival Center, Inc. is committed to designating the Fund for this purpose for perpetuity, but can change the usage by a 2/3 vote of the Board of Directors.

Therefore, the Fund is reported as a component of net assets without donor restrictions and considered unavailable for operations. The Fund consists of reserve funds from Northampton Survival Center, Inc. and donations in an investment account. The Fund totaled \$304,071 and \$288,153 at June 30, 2020 and 2019, respectively.

#### **With Donor Restrictions, Endowment**

The donor-restricted portion of the Feeding the Future Fund campaign (the "Endowment") consisted of \$319,486 and \$305,705 at June 30, 2020 and 2019. The Endowment consists of donor-restricted funds in an investment account, as well as pledges receivable. Gifts to the Endowment restrict the donation to be maintained in perpetuity with only earnings from the gifts to be available for use. Therefore, the Endowment is considered donor-restricted.

Changes in endowment by net asset class for year ended June 30, 2020, were as follows:

	<u>Board- Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year	\$288,153	\$305,705	\$593,858
Contributions	30,241		30,241
Withdrawals	(31,041)		(31,041)
Pledges receivable	6,134	(6,134)	-
Investment income	<u>10,584</u>	<u>19,915</u>	<u>30,499</u>
End of year	<u>\$304,071</u>	<u>\$319,486</u>	<u>\$623,557</u>

## NORTHAMPTON SURVIVAL CENTER, INC.

Notes to the Financial Statements (Continued)

June 30, 2020

### 5. Investments

Northampton Survival Center, Inc.'s investments (all Level 1), stated at market value, consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Money market	\$ 7,478	\$ 8,852
Equities	448,812	351,931
Fixed income	<u>167,267</u>	<u>226,941</u>
Total Investments	<u>\$623,557</u>	<u>\$587,724</u>

Dividends and interest from the investments, which are included in investment income on the statement of activities, were \$24,809 and \$23,404, respectively, for the years ended June 30, 2020 and 2019.

### 6. Note Payable

Northampton Survival Center, Inc. received a United States Small Business Administration Paycheck Protection Program (PPP) Loan on May 1, 2020 in the amount of \$72,487. Northampton Survival Center, Inc. expects the full amount of this loan to be forgiven by Small Business Administration.

### 7. Net Assets With Donor Restrictions

Net assets with donor restrictions included the following at June 30:

	<u>2020</u>	<u>2019</u>
Feeding the Future Campaign Endowment	\$319,486	\$305,705
Dairy fund	<u>17,336</u>	<u>18,295</u>
Total net assets with donor restrictions	<u>\$336,822</u>	<u>\$324,000</u>

### 8. Concentrations

Northampton Survival Center, Inc. receives a significant portion of its revenue in the form of donated food. Donated food revenue as a percentage of total revenue was 55% and 64% for the years ended June 30, 2020 and 2019, respectively. Northampton Survival Center, Inc.'s financial statements are impacted by not only the price per pound of donated food (see Note 1) that may vary year to year, but also by the volume of food received versus distributed during the fiscal year.

## NORTHAMPTON SURVIVAL CENTER, INC.

Notes to the Financial Statements (Continued)

June 30, 2020

### 9. Contingencies

In early March 2020, there was a global outbreak of the COVID-19 virus that has resulted in significant changes in the global economy. As a result of a potential economic downturn, and any potential resulting direct or indirect negative impact to Northampton Survival Center, Inc. cannot be determined, however it could have a prospective material impact on Northampton Survival Center, Inc.'s business, cash flows, investments, and liquidity.

### 10. Donated Supplies and Services

Donated in-kind support consists of donated supplies and services which meet the recognition requirements described in Note 1. There were \$2,335 and \$5,271 in donated supplies and services recorded for the years ended June 30, 2020 and 2019, respectively.

A number of unpaid volunteers have made significant contributions of their time to Northampton Survival Center, Inc. In accordance with the recognition criteria described in Note 1, the value of these services is not recorded in the financial statements.

### 11. Retirement Plan

Northampton Survival Center, Inc. has a retirement plan that allows employees to make pre-tax contributions. Northampton Survival Center, Inc. matches up to a 2% contribution for each eligible employee. Retirement plan expense in fringe benefits on the statement of functional expenses was \$6,190 and \$6,353 for the years ended June 30, 2020 and 2019, respectively.

### 12. Rental Agreement

Northampton Survival Center, Inc. rents its facilities in Northampton from the City of Northampton pursuant to a lease agreement for \$300 per month until October 2040. Future minimum lease payments are \$3,600 per year for each of the next five fiscal years.

**NORTHAMPTON SURVIVAL CENTER, INC.**

Notes to the Financial Statements (Continued)

June 30, 2020

13. Available Resources and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$983,002	\$414,036
Pledges receivable due in one year		55,434
Less Endowment pledges		(5,434)
Other receivables	<u>14,562</u>	<u>11,586</u>
Total financials assets available for general expenditures within one year	<u>\$997,564</u>	<u>\$475,622</u>

As part of the Northampton Survival Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

14. Subsequent Events

Northampton Survival Center, Inc. evaluated subsequent events after the statement of financial position date of June 30, 2020, through November 13, 2020, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.