

**AUDITED FINANCIAL STATEMENTS**

**NORTHAMPTON SURVIVAL CENTER, INC.**

*Northampton, Massachusetts*

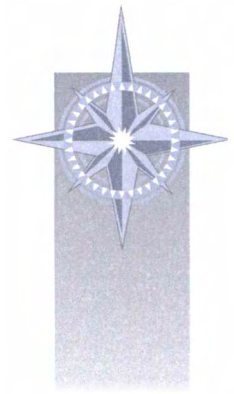
**June 30, 2022**

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

# NORTHAMPTON SURVIVAL CENTER, INC.

## Table of Contents

	Page
Independent Auditors' Report	1-3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-15



## **Independent Auditors' Report**

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

### **Opinion**

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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 for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northampton Survival Center, Inc. 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.

### **Responsibilities of Management 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.

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 Northampton Survival Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Northampton Survival Center, Inc.'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 Northampton Survival Center, Inc.'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.

Board of Directors  
Northampton Survival Center, Inc.  
Page 3

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

We have previously audited Northampton Survival Center, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Boisselle, Morton & Wolkowicz, LLP*

Hadley, Massachusetts  
November 3, 2022

**NORTHAMPTON SURVIVAL CENTER, INC.**  
Statement of Financial Position  
June 30, 2022 (with comparative totals for June 30, 2021)

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Assets		
Cash and cash equivalents	\$ 1,255,751	\$ 1,264,636
Grants receivable	70,405	101,216
Food inventory	42,909	121,881
Prepaid expenses	14,949	13,524
Property and equipment, net	786,520	836,118
Investments	<u>874,735</u>	<u>767,650</u>
 Total assets	 <u>\$ 3,045,269</u>	 <u>\$ 3,105,025</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 9,856	\$ 7,573
Accrued expenses	<u>29,224</u>	<u>15,554</u>
Total liabilities	<u>39,080</u>	<u>23,127</u>
Net Assets		
Without donor restrictions		
Available for operations	1,344,934	1,462,698
Property and equipment related	786,520	836,118
Unavailable for operations:		
Board-designated fund (Note 6)	<u>540,586</u>	<u>373,709</u>
Total net assets without donor restrictions	2,672,040	2,672,525
With donor restrictions (Note 8)	<u>334,149</u>	<u>409,373</u>
Total net assets	<u>3,006,189</u>	<u>3,081,898</u>
 Total liabilities and net assets	 <u>\$ 3,045,269</u>	 <u>\$ 3,105,025</u>

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

**NORTHAMPTON SURVIVAL CENTER, INC.**

Statement of Activities

Year Ended June 30, 2022 (with comparative totals for the year ended June 30, 2021)

	2022		2021
	Without Donor Restrictions	With Donor Restrictions	Total
		Total	Total
Revenue and support			
Donated food	\$ 1,030,777		\$ 1,584,320
Donations	894,308		1,096,378
Grants - other	216,534		346,230
Investment income	51,452		145,788
Community Development Block Grant	47,765		43,590
United Way	32,954		42,126
Donated supplies and services	3,307		1,740
Miscellaneous	44		44
Net assets released from restrictions	75,224	\$ (75,224)	
Total revenue and support	<u>2,352,365</u>	<u>(75,224)</u>	<u>2,277,141</u>
Expenses			
Program	1,856,647		2,324,908
Administration	153,843		178,343
Development	180,171		155,693
Total expenses	<u>2,190,661</u>		<u>2,658,944</u>
Unrealized loss on investments	162,189		162,189
Total expenses	<u>2,352,850</u>		<u>2,658,944</u>
Change in net assets	(485)	(75,224)	601,228
Net assets - beginning of year	<u>2,672,525</u>	<u>409,373</u>	<u>2,480,670</u>
Net assets - end of year	<u>\$ 2,672,040</u>	<u>\$ 334,149</u>	<u>\$ 3,081,898</u>

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

**NORTHAMPTON SURVIVAL CENTER, INC.**

Statement of Functional Expenses

Year Ended June 30, 2022 (with comparative totals for the year ended June 30, 2021)

	2022			Total	2021
	Program	Administration	Development		Total
Employee compensation and related:					
Salaries	\$ 278,412	\$ 70,753	\$ 115,424	\$ 464,589	\$ 391,474
Payroll taxes	22,168	7,191	9,207	38,566	30,018
Fringe benefits	23,588	2,751	7,764	34,103	36,141
Employee compensation and related:	<u>324,168</u>	<u>80,695</u>	<u>132,395</u>	<u>537,258</u>	<u>457,633</u>
Donated food	1,109,325			1,109,325	1,507,694
Purchased food	225,234		114	225,348	360,546
Depreciation	50,929	9,150		60,079	58,661
Supplies	48,394	787		49,181	51,532
Professional fees	16,022	20,187		36,209	61,255
Repairs and maintenance	28,400	5,102		33,502	25,748
Furnishings and small equipment	14,308	7,813	5,050	27,171	23,667
Printing	142	4,083	16,325	20,550	21,085
Office	343	14,969	5,784	21,096	29,393
Utilities	15,004	2,864	940	18,808	15,546
Postage		335	13,073	13,408	5,918
Insurance	8,218	4,289	515	13,022	13,269
Telephone and internet	7,146	1,364	448	8,958	7,405
Advertising and promotion		1,568	3,290	4,858	10,600
Rent	2,872	548	180	3,600	3,600
Food transportation	3,586			3,586	2,531
Donated supplies and services	1,184	89	2,034	3,307	1,740
Travel	1,357		5	1,362	105
Fundraising	15		18	33	1,016
Total expenses	<u>\$ 1,856,647</u>	<u>\$ 153,843</u>	<u>\$ 180,171</u>	<u>\$ 2,190,661</u>	<u>\$ 2,658,944</u>

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



**NORTHAMPTON SURVIVAL CENTER, INC.**

Statement of Cash Flows

Year Ended June 30, 2022 (with comparative totals for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (75,709)	\$ 601,228
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	60,079	58,661
PPP loan forgiveness		(72,487)
Realized gain on investments	(26,554)	(22,077)
Unrealized gain on investments	162,189	(104,861)
Change in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	30,811	(86,154)
Food inventory	78,972	(59,929)
Prepaid expenses	(1,425)	1,990
(Decrease) increase in:		
Accounts payable	2,283	(1,829)
Accrued expenses	13,670	(7,514)
Net cash provided by operating activities	<u>244,316</u>	<u>307,028</u>
Cash flows from investing activities		
Purchases of property and equipment	(10,481)	(8,239)
Purchases of investments	(566,796)	(249,993)
Sale of investments	324,076	232,838
Net cash used by investing activities	<u>(253,201)</u>	<u>(25,394)</u>
Net (decrease) increase in cash and cash equivalents	(8,885)	281,634
Cash and cash equivalents - beginning of year	<u>1,264,636</u>	<u>983,002</u>
Cash and cash equivalents - end of year	<u>\$ 1,255,751</u>	<u>\$ 1,264,636</u>
 <u>Supplemental disclosures of non-cash operating activities:</u>		
Donated food support	\$ (1,030,777)	\$ (1,584,320)
Donated food expense	\$ 1,109,325	\$ 1,507,694
PPP loan forgiveness		(72,487)

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

# NORTHAMPTON SURVIVAL CENTER, INC.

Notes to the Financial Statements

June 30, 2022

## 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). Northampton Survival Center, Inc. is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Northampton Survival Center, Inc. is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. Management has determined that Northampton Survival Center, Inc. is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

*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.

*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 Northampton Survival Center, Inc.'s financial statements for the year ended June 30, 2021, from which the summarized information was derived.

*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.

*Grants Receivable:* Grants receivable are recorded when unconditional promises to give are made. Management considers these grants receivable to be fully collectible.

*Food Inventory:* Food inventory is recorded based on the pounds of food on hand at the approximate average wholesale value of one pound of donated product as calculated in the Product Valuation Survey Methodology prepared by Feeding America.

## NORTHAMPTON SURVIVAL CENTER, INC.

Notes to the Financial Statements (Continued)

June 30, 2022

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

*Property and Equipment:* 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 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. Due to the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of financial position and the statement of activities and changes in net assets.

*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 "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 6).

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.

*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 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.

## NORTHAMPTON SURVIVAL CENTER, INC.

Notes to the Financial Statements (Continued)

June 30, 2022

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

*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).

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, 2022 and 2021.

*Revenue Recognition:* Northampton Survival Center, Inc. recognizes donations and grants when they are received or an unconditional promise to give is made. Donations and grants with a right of return and measurable performance or other barriers are not recognized until the conditions on which they depend have been met. 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.

# NORTHAMPTON SURVIVAL CENTER, INC.

Notes to the Financial Statements (Continued)

June 30, 2022

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

*Revenue Recognition (Continued):* 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.

*Donated Food, Supplies and Services:* Northampton Survival Center, Inc. receives a substantial amount of donated food each year, as well as, donated supplies and services. In addition, volunteers contribute significant amounts of time to program services; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

If Northampton Survival Center, Inc. was to receive a donated asset that cannot be utilized in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU amends certain aspects of presentation and disclosure for gifts-in-kind, including the requirement that gifts-in-kind, such as donated food, supplies and services, be disaggregated by category and disclosure of the valuation techniques to arrive at the value of gifts-in-kind. Northampton Survival Center, Inc. retrospectively adopted this standard on July 1, 2021, and presents the required disclosures in Note 13.

*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.

## 2. 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$1,255,751	\$1,264,636
Grants receivable	<u>70,405</u>	<u>101,216</u>
Total financial assets available for general expenditures within one year	<u>\$1,326,156</u>	<u>\$1,365,852</u>

Northampton Survival Center, Inc.'s liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**NORTHAMPTON SURVIVAL CENTER, INC.**

Notes to the Financial Statements (Continued)

June 30, 2022

3. Grants Receivable

Grants receivable at June 30, 2022 and 2021, included \$50,000 and \$100,000, respectively, from one grantor. Management expects this to be collected in full and does not have an allowance for doubtful accounts.

4. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 120,508	\$ 110,027
Leasehold improvements	1,207,347	1,207,347
Vehicle	<u>74,040</u>	<u>74,040</u>
	1,401,895	1,391,414
Less accumulated depreciation	<u>615,375</u>	<u>555,296</u>
Total property and equipment	<u>\$ 786,520</u>	<u>\$ 836,118</u>

Depreciation expense was \$60,079 and \$58,661 for the years ended June 30, 2022 and 2021, respectively.

5. Investments

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

	<u>2022</u>	<u>2021</u>
Money market	\$128,986	\$ 9,240
Equities		247,769
Mutual funds - equities	529,480	320,925
Mutual funds - fixed income	<u>216,269</u>	<u>189,716</u>
Total Investments	<u>\$874,735</u>	<u>\$767,650</u>

Dividends and interest from the investments, which are included in investment income on the statement of activities, were \$23,436 and \$18,342, respectively, for the years ended June 30, 2022 and 2021.

**NORTHAMPTON SURVIVAL CENTER, INC.**

Notes to the Financial Statements (Continued)

June 30, 2022

6. 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 Fund 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 \$540,586 and \$373,709 at June 30, 2022 and 2021, respectively.

**With Donor Restrictions, Endowment**

The donor-restricted portion of the Feeding the Future Fund campaign (the “Endowment”) consisted of \$334,149 and \$393,941 at June 30, 2022 and 2021, respectively. The Endowment consists of donor-restricted funds in an investment account. Gifts to the Endowment restrict the donation to be maintained in perpetuity with only earnings from the gifts to be available for use (see Note 8). Therefore, the Endowment is considered donor-restricted.

Endowment net asset composition by type is as follows:

	<u>Board- Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year – July 1, 2020	\$304,071	\$319,486	\$623,557
Investment net income	<u>69,638</u>	<u>74,455</u>	<u>144,093</u>
End of year – June 30, 2021	373,709	393,941	767,650
Contributions	55,926		55,926
Transfers	164,645		164,645
Investment net loss	<u>(53,694)</u>	<u>(59,792)</u>	<u>(113,486)</u>
End of year – June 30, 2022	<u>\$540,586</u>	<u>\$334,149</u>	<u>\$874,735</u>

See Note 8 for total net assets with donor restrictions.

## NORTHAMPTON SURVIVAL CENTER, INC.

Notes to the Financial Statements (Continued)

June 30, 2022

### 7. 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. The full amount of this loan was forgiven by Small Business Administration in December 2020 and recorded in grants - other on the statement of activities during the year ended June 30, 2021.

### 8. Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Purpose restrictions:		
Dairy fund		\$ 15,432
Feeding the Future Endowment accumulated investment income	\$ 45,249	105,041
Restricted in perpetuity:		
Feeding the Future Endowment	<u>288,900</u>	<u>288,900</u>
Total net assets with donor restrictions	<u>\$334,149</u>	<u>\$409,373</u>

Included in Feeding the Future Endowment accumulated investment income is approximately \$(30,000) and \$61,000 representing accumulated unrealized (losses) gains as of June 30, 2022 and 2021, respectively.

### 9. 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 \$8,271 and \$6,887 for the years ended June 30, 2022 and 2021, respectively.

### 10. 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.

### 11. Contingencies

The global outbreak of the COVID-19 virus has resulted in significant changes in the global economy. As a result of a potential economic downturn, 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.



**NORTHAMPTON SURVIVAL CENTER, INC.**

Notes to the Financial Statements (Continued)

June 30, 2022

12. 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 45% and 49% for the years ended June 30, 2022 and 2021, respectively. Northampton Survival Center, Inc.'s financial statements are impacted by not only the price per pound of donated food (see Note 13) that may vary year to year, but also by the volume of food received versus distributed during the fiscal year.

13. Donated Food, Supplies and Services

Donated food is used in program services and valued 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. The valuation was \$1.79 and \$1.74 per pound for the years ended June 30, 2022 and 2021, respectively.

Donated supplies and services are used in program services and are valued based on current market costs. All donated supplies and services received by Northampton Survival Center, Inc. for the years ended June 30, 2022 and 2021 were considered without donor restrictions and able to be used by Northampton Survival Center, Inc. as determined by management and the Board of Directors.

14. Subsequent Events

Northampton Survival Center, Inc. evaluated subsequent events after the statement of financial position date of June 30, 2022, through November 3, 2022, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.