

THREE SQUARES NEW ENGLAND, INC.



FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

THREE SQUARES NEW ENGLAND, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Three Squares New England, Inc.

Opinion

We have audited the accompanying financial statements of Three Squares New England, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Three Squares New England, Inc. as of December 31, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Three Squares New England, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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 Three Squares New England, Inc.'s ability to continue as a going concern within 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 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 Three Squares New England, 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 Three Squares New England, 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 audits.

Johnson O'Connor Feron & Carucci LLP

March 16, 2022

THREE SQUARES NEW ENGLAND, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 241,248	\$ 195,844
Restricted cash	1,750	7,594
Contributions receivable	1,068	1,033
Prepaid expenses	-	862
Website, net	-	538
Total assets	\$ 244,066	\$ 205,871
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 62,847	\$ 13,421
NET ASSETS		
Without donor restrictions:		
Undesignated	120,640	133,022
Board designated	60,579	59,428
Total net assets	181,219	192,450
Total liabilities and net assets	\$ 244,066	\$ 205,871

See notes to financial statements.

THREE SQUARES NEW ENGLAND, INC.
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES & OTHER SUPPORT						
Contributions	\$ 639,469	\$ -	\$ 639,469	\$ 661,540	\$ -	\$ 661,540
In-kind contributions	7,790	-	7,790	2,880	-	2,880
Interest income	542	-	542	1,383	-	1,383
Total revenues & other support	<u>647,801</u>	<u>-</u>	<u>647,801</u>	<u>665,803</u>	<u>-</u>	<u>665,803</u>
OPERATING EXPENSES						
Program services	620,014	-	620,014	578,733	-	578,733
General and administrative	33,933	-	33,933	23,065	-	23,065
Fundraising	5,085	-	5,085	5,773	-	5,773
Total operating expenses	<u>659,032</u>	<u>-</u>	<u>659,032</u>	<u>607,571</u>	<u>-</u>	<u>607,571</u>
Change in net assets	(11,231)	-	(11,231)	58,232	-	58,232
NET ASSETS - BEGINNING OF YEAR	<u>192,450</u>	<u>-</u>	<u>192,450</u>	<u>134,218</u>	<u>-</u>	<u>134,218</u>
NET ASSETS - END OF YEAR	<u>\$ 181,219</u>	<u>\$ -</u>	<u>\$ 181,219</u>	<u>\$ 192,450</u>	<u>\$ -</u>	<u>\$ 192,450</u>

See notes to financial statements.

THREE SQUARES NEW ENGLAND, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2021				Year Ended December 31, 2020			
	Program Services	Supporting Services		Total Expenses	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising			General and Administrative	Fundraising	
EXPENSES								
Participant assistance	\$ 488,724	\$ -	\$ -	\$ 488,724	\$ 466,710	\$ -	\$ -	\$ 466,710
Salaries	49,608	5,836	2,918	58,362	42,925	5,050	2,525	50,500
Advertising expense	28,751	-	1,394	30,145	19,222	-	674	19,896
Payment service fees	23,153	325	287	23,765	21,888	-	1,244	23,132
Professional fees	4,574	18,152	104	22,830	14,594	12,345	677	27,616
Ride expenses	8,933	-	-	8,933	617	-	-	617
Payroll taxes	4,407	519	259	5,185	3,842	452	226	4,520
Bookkeeping	-	4,979	-	4,979	-	4,507	-	4,507
Office supplies	2,630	1,190	123	3,943	4,716	248	427	5,391
Event facilities	2,500	-	-	2,500	-	-	-	-
Event meals	2,490	-	-	2,490	-	-	-	-
Insurance	1,662	680	-	2,342	263	384	-	647
Miscellaenous	-	2,252	-	2,252	-	-	-	-
Corporate match	2,044	-	-	2,044	559	-	-	559
Amortization	538	-	-	538	3,225	-	-	3,225
Printing and postage	-	-	-	-	172	-	-	172
Conferences and memberships	-	-	-	-	-	79	-	79
Total expenses	<u>\$ 620,014</u>	<u>\$ 33,933</u>	<u>\$ 5,085</u>	<u>\$ 659,032</u>	<u>\$ 578,733</u>	<u>\$ 23,065</u>	<u>\$ 5,773</u>	<u>\$ 607,571</u>

See notes to financial statements.

THREE SQUARES NEW ENGLAND, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2021	2020
OPERATING ACTIVITIES		
Change in net assets	\$ (11,231)	\$ 58,232
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	538	3,225
(Increase) decrease in operating assets:		
Contributions receivable	(35)	(291)
Prepaid expenses	862	174
Increase (decrease) in operating liabilities:		
Accounts payable	49,426	(10,867)
Net cash provided by operating activities	39,560	50,473
Net increase in cash, cash equivalents and restricted cash	39,560	50,473
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR	203,438	152,965
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 242,998	\$ 203,438

The table below provides a reconciliation of cash, cash equivalents and restricted cash reported on the balance sheets to the totals shown above in the statements of cash flows:

Cash and cash equivalents	\$ 241,248	\$ 195,844
Restricted cash	1,750	7,594
Total cash, cash equivalents and restricted cash	\$ 242,998	\$ 203,438

See notes to financial statements.

THREE SQUARES NEW ENGLAND, INC.
NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES

Three Squares New England, Inc. (the Organization) was incorporated on January 27, 2014, in Dedham, Massachusetts, with a primary mission to raise awareness and funds for New England based hunger relief organizations. The Organization holds an annual bike ride event known as the “Ride for Food” and an Annual Dinner known as the “Food Rescue Dinner” to raise hunger awareness and support initiatives. Proceeds from the annual events are distributed to local non-profit organizations that provide assistance to those in need.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting –

The financial statements of the Organization have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claim receipt, and liabilities are recorded when the obligation is incurred.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management’s Review –

Subsequent events have been evaluated by management through March 16, 2022, the date the financial statements were available to be issued.

Risks and Uncertainties –

As a result of the continued spread of the COVID-19 coronavirus (COVID-19), economic uncertainties have arisen which may impact the Organization’s 2022 operating results. At this point, the extent to which COVID-19 may impact the Organization’s financial condition or results of operations is uncertain. The extent of such impact will depend on certain developments, including the duration and spread of the outbreak, impact on existing donors, employees and vendors, all of which are uncertain and cannot be predicted.

Cash and Cash Equivalents –

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

THREE SQUARES NEW ENGLAND, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable –

Contributions receivable are presented in the statements of financial position net of estimated uncollectible amounts and do not bear interest. The Organization uses the allowance method to account for uncollectible receivables. The allowance is based on management's estimate of possible bad debts based upon historical experience and management's evaluation of outstanding accounts receivable at the end of the year. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. Management believes that all contributions receivable are fully collectible, therefore, no allowance for uncollectible amounts has been recorded.

Website Costs –

The Organization's policy is to amortize website costs using the straight-line method over the estimated useful lives of the related assets, which is three years.

Net Assets –

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 governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

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.

If donor restricted contribution criteria are met and the funds are released in the same year, the contribution is considered without donor restriction.

Revenue Recognition –

Contributions, including grants, are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net asset without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

THREE SQUARES NEW ENGLAND, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued) –

Contributions in the form of property and equipment and other assets are recorded at fair value on the date the donation is received. Contributed services that require specialized skills are recognized as revenue at the estimated fair value when the service is received. In addition, individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization benefited from contributed services for program expenses which were valued at \$2,800 and \$2,880 for the years ended December 31, 2021 and 2020, respectively. The Organization benefited from donated food, supplies and facilities for program expenses which were valued at \$4,990 for the year ended December 31, 2021. There was no donated food, supplies or facilities for program expenses during the year ended December 31, 2020.

Functional Expenses –

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Allocations of functional expenses are based on management's discretion and estimates. The expenses that are allocated include conferences, printing, website, and amortization, which are allocated by percentage of revenue raised, as well as salaries and wages, benefits, payroll taxes, professional services, and some miscellaneous costs, which are allocated based on estimates of time and effort.

Income Taxes –

The Organization has been recognized by the Internal Revenue Service as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose. The Organization did not incur federal and state income tax expense related to unrelated business income for the years ended December 31, 2021 and 2020, respectively.

The Organization regularly reviews and evaluates its tax positions taken in its filed returns and recognizes the benefit from a tax position only if it is more likely than not that the position would be sustained upon audit based solely on the technical merits of the tax position. The Organization accrues interest and penalties on uncertain tax positions as a component of the provision for income taxes.

The Organization files IRS Form 990 annually with the Federal Government and Massachusetts Form PC with the Commonwealth of Massachusetts. These information returns are subject to examination by the federal and state jurisdictions.

THREE SQUARES NEW ENGLAND, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Expense –

Advertising costs are expensed as incurred and totaled \$30,145 and \$19,896 for the years ended December 31, 2021 and 2020, respectively.

Reclassification –

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation in the current year's financial statements. These reclassifications have no effect on previously reported change in net assets.

3. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents.

Cash and Cash Equivalents –

The Organization maintains its cash in bank deposit and money market accounts, which at times may exceed the federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on cash and cash equivalents.

4. LIQUIDITY AND AVAILABILITY

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:

	December 31,	
	2021	2020
Cash and cash equivalents	\$ 241,248	\$ 195,844
Accounts receivable	1,068	1,033
	<u>\$ 242,316</u>	<u>\$ 196,877</u>

As part of the Organization's liquidity management plan, the Board of Directors maintains 10% of every dollar raised by participating hunger-relief organizations to hold and invest in a reserve account for the primary purpose of covering overhead and ride-related costs for the following year. The balance of these funds is considered board designated net assets without restrictions.

THREE SQUARES NEW ENGLAND, INC.
NOTES TO FINANCIAL STATEMENTS

5. RESTRICTED CASH

Effective October 5, 2020, the Organization entered into a Fiscal Sponsorship Agreement (the Agreement) with an unincorporated association (the Sponsored Organization). As Fiscal Sponsor, the Organization provides administrative support services to the Sponsored Organization so that the Sponsored Organization can meet the requirements of its funding organizations while it obtains its own charitable organization designation.

The Sponsored Organization also made a deposit into a separate bank account held by the Organization upon signing the agreement of \$1,750. This amount has been segregated as restricted cash and the Organization has recorded a liability in the same amount, which is included in accounts payable on the statements of financial position as of December 31, 2021 and 2020.

6. WEBSITE, NET

Website, net consisted of the following:

	December 31,	
	2021	2020
Website	\$ 20,163	\$ 20,163
Less: Accumulated amortization	20,163	19,625
	<u>\$ -</u>	<u>\$ 538</u>

Amortization expense related to the website totaled \$538 and \$3,225 for the years ended December 31, 2021 and 2020, respectively.

7. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2020, the Organization entered into a consulting agreement with an individual who is also a member of the Board of Directors. Amounts paid under this agreement during the year ended December 31, 2020 were \$10,000. No such amounts were paid during the year ended December 31, 2021. No balance was due to the consultant as of December 31, 2021 and 2020.

101 Edgewater Drive
Suite 210
Wakefield, MA 01880

T (781) 914-3400

www.johnsonconnor.com