

Northeast Sustainable Energy Association, Inc.

Independent Auditor's Report

June 30, 2019



Bernice F. Lord
CERTIFIED PUBLIC ACCOUNTANT

Northeast Sustainable Energy Association, Inc.

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INDEPENDENT AUDITOR'S REPORT

TO THE OFFICERS AND DIRECTORS
NORTHEAST SUSTAINABLE ENERGY ASSOCIATION, INC.
GREENFIELD, MASSACHUSETTS

I have audited the accompanying financial statements of Northeast Sustainable Energy Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I express no such opinion. And 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Sustainable Energy Association, Inc. as of June 30, 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.

Easthampton, Massachusetts
July 24, 2020

Bernice F. Lord, CPA

Northeast Sustainable Energy Association, Inc.
Statement of Financial Position
As of June 30, 2019
With Summary Totals for 2018

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	June 30, <u>2019 Total</u>	June 30, <u>2018 Total</u>
ASSETS				
Current Assets				
Cash	\$ 122,394		\$ 122,394	\$ 86,955
Accounts Receivable	111,819		111,819	71,838
Short Term Investments	5,526	\$ 63,502	69,028	55,285
Prepaid Expenses	<u>38,859</u>	<u> </u>	<u>38,859</u>	<u>15,278</u>
Total Current Assets	<u>278,598</u>	<u>63,502</u>	<u>342,100</u>	<u>229,356</u>
Property and Equipment				
Building	322,423		322,423	322,423
Furniture and Fixtures	15,933		15,933	15,933
Equipment	61,486		61,486	61,486
Website	<u>172,507</u>		<u>172,507</u>	<u>172,507</u>
	572,349		572,349	572,349
Less-Accumulated Depreciation	<u>382,987</u>		<u>382,987</u>	<u>370,611</u>
Total Property and Equipment	<u>189,362</u>		<u>189,362</u>	<u>201,738</u>
Total Assets	<u>\$ 467,960</u>	<u>\$ 63,502</u>	<u>\$ 531,462</u>	<u>\$ 431,094</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	\$ 64,396		\$ 64,396	\$ 43,244
Credit Cards Payable	33,378		33,378	21,481
Payroll Related Liabilities	42,728		42,728	57,636
Deferred Revenue	107,937		107,937	52,566
Lines of Credit	<u>228,926</u>	<u> </u>	<u>228,926</u>	<u>208,359</u>
Total Current Liabilities	477,365		477,365	383,286
Net Assets				
Net Assets Without Donor Restrictions	(9,405)		(9,405)	(17,834)
Net Assets With Donor Restrictions		\$ 63,502	63,502	65,642
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Net Assets	<u>(9,405)</u>	<u>63,502</u>	<u>54,097</u>	<u>47,808</u>
Total Liabilities and Net Assets	<u>\$ 467,960</u>	<u>\$ 63,502</u>	<u>\$ 531,462</u>	<u>\$ 431,094</u>

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

Northeast Sustainable Energy Association, Inc.
Statement of Activities
For the Year Ended June 30, 2019
With Summary Totals for 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	June 30, 2019 Total	June 30, 2018 Total
SUPPORT AND REVENUE				
Contributions	\$ 80,432	\$ 6,684	\$ 87,116	\$ 112,286
Program Fees	652,625		652,625	568,162
Member Dues	295,407		295,407	250,944
Sponsorships	184,621		184,621	216,155
Grants	3,354		3,354	20,000
Rental Income	23,225		23,225	14,893
Investment Income	1,872		1,872	10,007
Other Revenue	11,174		11,174	28,774
Unrealized Gains on Investments	8,433		8,433	
Net Assets Released from Restrictions	<u>8,824</u>	<u>(8,824)</u>		
 Total Support and Revenue	 <u>1,269,967</u>	 <u>(2,140)</u>	 <u>1,267,827</u>	 <u>1,221,221</u>
EXPENSES				
Program Services				
Conferences and Tours	595,885		595,885	854,055
Member Services	120,192		120,192	199,886
Support Services				
Administration	489,053		489,053	160,886
Fundraising	<u>56,408</u>		<u>56,408</u>	<u>103,506</u>
 Total Expense	 <u>1,261,538</u>	 <u> </u>	 <u>1,261,538</u>	 <u>1,317,991</u>
 Change in Net Assets	 8,429	 (2,140)	 6,289	 (96,770)
Net Assets at Beginning of Year	<u>(17,834)</u>	<u>165,642</u>	<u>47,808</u>	<u>144,578</u>
Net Assets at End of Year	<u>\$ (9,405)</u>	<u>\$ 63,502</u>	<u>\$ 54,097</u>	<u>\$ 47,808</u>

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

Northeast Sustainable Energy Association, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019
With Summary Totals for 2018

	Program Services		
	Conferences <u>and Tours</u>	Member <u>Services</u>	Total Program <u>Expenses</u>
Salaries and Wages	\$ 270,745	\$ 55,454	\$ 326,199
Payroll Taxes	25,925	5,310	31,235
Employee Benefits	<u>20,444</u>	<u>4,187</u>	<u>24,631</u>
Total Compensation Related	317,114	64,951	382,065
Advertising	114	23	137
Bank and Credit Card Fees	16,362	3,351	19,713
Communications	3,484	714	4,198
Consultants	56,848	11,643	68,491
Depreciation	5,876	1,203	7,079
Dues and Fees	6,656	1,363	8,019
Equipment Expense	2,115	433	2,548
Food and Beverages	101,621	20,814	122,435
Insurance	4,822	988	5,810
Interest Expense			
Occupancy	39,752	8,142	47,894
Office Expense	3,410	699	4,109
Postage	942	193	1,135
Printing	4,662	955	5,617
Professional Fees			
Program Supplies	4,685	959	5,644
Scholarships and Awards	9,060		9,060
Staff Training	441	90	531
Travel	<u>17,921</u>	<u>3,671</u>	<u>21,592</u>
Total Expenses	<u>\$ 595,885</u>	<u>\$ 120,192</u>	<u>\$ 716,077</u>

Northeast Sustainable Energy Association, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019
With Summary Totals for 2018

	<u>Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>June 30, 2019 Total Expenses</u>	<u>June 30, 2018 Total Expenses</u>
Salaries & Wages	\$ 217,846	\$ 26,233	\$ 244,079	\$ 570,278	\$ 652,661
Payroll Taxes	20,859	2,513	23,372	54,607	63,954
Employee Benefits	<u>16,450</u>	<u>1,981</u>	<u>18,431</u>	<u>43,062</u>	<u>29,119</u>
Total Compensation Related	255,155	30,727	285,882	667,947	745,734
Advertising	92	11	103	240	523
Bank and Credit Card Fees	13,165	1,585	14,750	34,463	29,337
Communications	2,803	338	3,141	7,339	8,425
Consultants	45,740	5,508	51,248	119,739	115,886
Depreciation	4,728	569	5,297	12,376	38,563
Dues and Fees	5,356	645	6,001	14,020	18,095
Equipment Expense	1,702	205	1,907	4,455	5,880
Food and Beverages	81,766	9,847	91,613	214,048	181,762
Insurance	3,880	467	4,347	10,157	5,417
Interest Expense	11,944		11,944	11,944	9,358
Occupancy	31,985	3,852	35,837	83,731	83,244
Office Expense	2,744	330	3,074	7,183	4,458
Postage	758	91	849	1,984	2,143
Printing	3,751	452	4,203	9,820	11,342
Professional Fees	8,710		8,710	8,710	11,458
Program Supplies				5,644	3,377
Scholarships and Awards				9,060	
Staff Training	354	44	398	929	383
Travel	<u>14,420</u>	<u>1,737</u>	<u>16,157</u>	<u>37,749</u>	<u>42,606</u>
Total Expenses	<u>\$ 489,053</u>	<u>\$ 56,408</u>	<u>\$ 545,461</u>	<u>\$1,261,538</u>	<u>\$1,317,991</u>

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

Northeast Sustainable Energy Association, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2019
With Summary Totals for 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 6,289	\$ (96,770)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	12,376	38,563
Unrealized (gains) losses		
(Increase) decrease in operating assets		
Receivables	(39,981)	57,728
Prepaid Expenses	(23,581)	(15,086)
Increase (decrease) in operating liabilities		
Accounts Payable	21,152	(5,875)
Payroll Liabilities	(14,908)	19,150
Credit Cards Payable	11,897	21,481
Deferred Revenue	55,371	(83,655)
Line of Credit	20,567	9,969
Net Cash Provided (Used) by Operating Activities	49,182	(54,495)
Cash Flows from Investing Activities		
Property and equipment additions		(1,589)
Short term investments		50,000
Investment income reinvested, net	(13,743)	19,416
Net Cash Provided (Used) by Investing Activities	(13,439)	67,827
Cash Flows from Financing Activities		
Net cash provided/(used) by Financing activities	0	0
Net Increase (Decrease) in Cash	35,439	13,332
Cash at Beginning of the Year	86,955	73,623
Cash at End of the Year	\$ 122,394	\$ 86,955

Supplemental Data

Interest paid -	
<u>2019</u>	<u>2018</u>
<u>\$11,944</u>	<u>\$9,358</u>

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

Northeast Sustainable Energy Association, Inc.
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies

A. Basis of Presentation:

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

B. Property and Equipment:

Property and equipment are recorded at cost. The cost of maintenance and repairs is charged to income as incurred. Major improvements are capitalized. Depreciation is computed using the straight-line method over the estimated life of the asset. Property and equipment purchased with a cost of \$750 or more is capitalized.

C. Cash and Cash Equivalents:

For the purpose of the statement of cash flows, the organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

D. Contributions:

Contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Northeast Sustainable Energy Association, Inc.
Notes to Financial Statements
June 30, 2019

E. Advertising Costs:

The organization expenses the cost of advertising as incurred. Advertising costs of \$240 were expensed in the current year.

F. Income Tax Status:

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. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the organization 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). The organization did not engage in any unrelated business activities during the fiscal year. Management believes more likely than not, that its tax-exempt status position will be sustained if examined by Authorities.

2. Nature of Activities and Organization

Northeast Sustainable Energy Association, Inc. (NESEA) is a Vermont non-profit corporation incorporated on March 27, 1975. The purpose of the organization is to promote alternative sources of energy and energy conservation through publications, demonstrations, conferences, and seminars. The organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and has been determined to not be a private foundation by the Internal Revenue Service. The corporation is also exempt from Vermont income tax.

3. Net Assets with Donor Restrictions

Net assets With Donor Restrictions consisted of the following:

Kate Goldstein Fund	\$43,502
Endowment Fund	<u>20,000</u>
	<u>\$63,502</u>

4. 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 and disclosure of contingent 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.

Northeast Sustainable Energy Association, Inc.
Notes to Financial Statements
June 30, 2019

5. Fair Value of Financial Instruments

The organization's financial instruments include cash and cash equivalents and grant receivable. The organization estimates that the fair value of these financial instruments at year end does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

The estimated fair value has been determined using available market information and appropriate valuation methods. The carrying amounts of cash and cash equivalents and grant receivable reported in the statement of financial position approximate fair value because of the short maturities of those instruments, except as otherwise noted in footnote 10.

6. Fair Value of Assets and Liabilities

FASB ASC No. 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets, which have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs, which have the lowest priority, use primarily unobservable inputs. The organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Fair values of assets measured on a recurring basis at June 30, 2019 are as follows:

	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents	\$ 122,394	\$ 122,394	\$ 0	\$ 0
Short Term Investments	<u>69,028</u>	<u>69,028</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 191,422</u>	<u>\$ 191,422</u>	<u>\$ 0</u>	<u>\$ 0</u>

7. Subsequent Events

Management performed an evaluation of subsequent events through July 24, 2020 the date these financial statements were issued.

Northeast Sustainable Energy Association, Inc.
Notes to Financial Statements
June 30, 2019

8. Lines of Credit

Northeast Sustainable Energy Association, Inc. has two lines of credit at Greenfield Savings Bank.

The lines of credit are for amounts up to \$250,000 and are secured by all of the assets of the organization. As of June 30, 2019, there was a balance of \$228,926 due on these lines of credit. The lines of credit are due on demand and the interest on any outstanding balance is charged at the bank's base rate, which is currently 5.00%.

9. Short Term Investments

Investments consist of money market investments and common stock. They are stated at their fair market value which, as of June 30, 2019, was \$69,028. Earnings for the period amounted to \$10,305. Investment expenses totaled \$658 for the year.

10. Property and Equipment

<u>Description</u>	<u>Balance Beginning of Period</u>	<u>Additions at Cost</u>	<u>Retirements</u>	<u>Balance End of Period</u>
Building	\$ 322,423			\$ 322,423
Computer Equipment	61,486			61,486
Furniture and Fixtures	15,933			15,933
Website	<u>172,507</u>			<u>172,507</u>
Total	<u>\$ 572,349</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 572,349</u>

Accumulated Depreciation

<u>Description</u>	<u>Balance Beginning of Period</u>	<u>Expense This Year</u>	<u>Other Changes</u>	<u>Balance End of Period</u>
Building	\$ 124,999	\$ 8,061		\$ 133,060
Computer Equipment	60,215	1,271		61,486
Furniture and Fixtures	15,933			15,933
Website	<u>169,464</u>	<u>3,044</u>		<u>172,508</u>
Total	<u>\$ 370,611</u>	<u>\$ 12,376</u>	<u>\$ 0</u>	<u>\$ 382,987</u>