

Northeast Sustainable Energy Association, Inc.

Independent Auditor's Report

June 30, 2021



Perrine H. Lane
CERTIFIED PUBLIC ACCOUNTANT

Northeast Sustainable Energy Association, Inc.

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251 Northampton Street, Suite A
Easthampton, MA 01027
(413) 529-1863

(413) 529-1863
FAX (413) 529-1863
blordcpa@comcast.net

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, 2021, 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, 2021, 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
June 10, 2022

Bernice T. Lord, CPA

Northeast Sustainable Energy Association, Inc.
Statement of Financial Position
As of June 30, 2021
With Summary Totals for 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals June 30, 2021	Totals June 30, 2020
ASSETS				
Current Assets				
Cash	\$ 402,030	\$ 20,443	\$ 422,473	\$ 381,038
Accounts Receivable	63,887		63,887	40,359
Short Term Investments	84,697	24,406	109,103	69,260
Prepaid Expenses	12,125		12,125	84,829
Total Current Assets	562,739	44,849	607,588	575,486
Property and Equipment				
Furniture and Fixtures	19,289		19,289	15,933
Equipment	63,645		63,645	61,486
Website	172,508		172,508	172,507
	255,442		255,442	249,926
Less- Accumulated Depreciation	250,478		250,478	249,926
Total Property and Equipment	4,964		4,964	
Total Assets	\$ 567,703	\$ 44,849	\$ 612,552	\$ 575,486
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	\$ 41,223		\$ 41,223	\$ 62,752
Credit Cards Payable	15,936		15,936	51,300
Payroll Related Liabilities	26,386		26,386	31,563
Deferred Revenue	63,724		63,724	448,465
Payrol Protection Loan	119,573		119,573	109,000
Total Current Liabilities	266,842		266,842	703,080
Net Assets				
Net Assets without Donor Restrictions	300,861		300,861	(198,706)
Net Assets with Donor Restrictions		44,849	44,849	71,112
Total Net Assets	\$ 300,861	\$ 44,849	\$ 345,710	\$ (127,594)
Total Liabilities and Net Assets	\$ 567,703	\$ 44,849	\$ 612,552	\$ 575,486

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, 2021
With Summary Totals for 2020

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	Totals June 30, 2021	Totals June 30, 2020
SUPPORT AND REVENUE				
Contributions	\$ 109,421		\$ 109,421	\$ 98,808
Program Fees	493,511		493,511	144,740
Member Dues	285,476		285,476	285,176
Sponsorships	272,948		272,948	147,405
Grants	224,000		224,000	
Rental Income				4,000
Investment Income	2,204		2,204	1,704
Other Revenue	17,595		17,595	6,802
Gain on Sale of Building				42,576
Realized Gain on Investments	36,909		36,909	2,969
Net Assets Released from Restrictions	<u>26,263</u>	<u>(26,263)</u>		
Total Support and Revenue	<u>1,468,327</u>	<u>(26,263)</u>	<u>1,442,064</u>	<u>734,180</u>
EXPENSES				
Program Services				
Conferences and Tours	456,119		456,119	425,736
Member Services	104,502		104,502	99,579
Support Services				
Administration	370,160		370,160	354,607
Fundraising	<u>37,979</u>		<u>37,979</u>	<u>35,949</u>
Total Expenses	<u>968,760</u>		<u>968,760</u>	<u>915,871</u>
Change in Net Assets	499,567	(26,263)	473,304	(181,691)
Net Assets at Beginning of Year	<u>(198,706)</u>	<u>71,112</u>	<u>(127,594)</u>	<u>54,097</u>
Net Assets at End of Year	<u>\$ 300,861</u>	<u>\$ 44,849</u>	<u>\$ 345,710</u>	<u>\$ (127,594)</u>

The accompanying notes are an integral part of these financial statements

Northeast Sustainable Energy Association, Inc.
Statement of Financial Expenses
For the Year Ended June 30, 2021
With Summary Totals for 2020

	<u>Conferences and Tours</u>	<u>Member Services</u>	<u>Total Program Expenses</u>
Salaries and Wages	\$ 254,301	\$ 59,517	\$ 313,818
Payroll Taxes	19,409	4,543	23,952
Employee Benefits	<u>24,573</u>	<u>5,751</u>	<u>30,324</u>
Total Compensation Related	298,283	69,811	368,094
Advertising	1,936	453	2,389
Bank and Credit Card Fees	9,876	2,311	12,187
Closing Costs			
Communications	1,194	279	1,473
Consultants	96,138	22,500	118,638
Depreciation	259	61	320
Dues and Fees	15,887	3,718	19,605
Equipment Expense	1,683	394	2,077
Food and Beverages	847	198	1,045
Insurance	3,509	821	4,330
Interest Expense			
Occupancy	12,441	2,912	15,353
Office Expense	1,439	337	1,776
Postage	729	171	900
Printing	1,379	323	1,702
Professional Fees			
Program Supplies	293	68	361
Scholarships and Awards	9,607		9,607
Staff Training	503	118	621
Travel	<u>116</u>	<u>27</u>	<u>143</u>
Total Expenses	<u>\$ 456,119</u>	<u>\$ 104,502</u>	<u>\$ 560,621</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, 2021
With Summary Totals for 2020

	<u>Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Totals June 30, 2021</u>	<u>Totals June 30, 2020</u>
Salaries & Wages	\$ 205,605	\$ 21,643	\$ 227,248	\$ 541,066	\$ 499,091
Payroll Taxes	15,692	1,652	17,344	41,296	45,195
Employee Benefits	19,868	2,092	21,960	52,284	44,626
Total Compensation Related	<u>241,165</u>	<u>25,387</u>	<u>266,552</u>	<u>634,646</u>	<u>588,912</u>
Advertising	1,566	165	1,731	4,120	862
Bank and Credit Card Fees	7,985	841	8,826	21,013	29,983
Closing Costs					16,494
Communications	965	102	1,067	2,540	5,264
Consultants	77,728	8,182	85,910	204,548	66,997
Depreciation	210	22	232	552	
Dues and Fees	12,845	1,352	14,197	33,802	13,717
Equipment Expense	1,361	143	1,504	3,581	4,341
Food and Beverages	685	73	758	1,803	105,813
Insurance	2,837	299	3,136	7,466	5,927
Interest Expense					4,575
Occupancy	10,059	1,059	11,118	26,471	33,583
Office Expense	1,163	122	1,285	3,061	3,119
Postage	590	62	652	1,552	1,027
Printing	1,115	117	1,232	2,934	4,571
Professional Fees	9,385		9,385	9,385	8,533
Program Supplies				361	3,829
Scholarships and Awards				9,607	257
Staffing Training	407	43	450	1,071	649
Travel	94	10	104	247	17,418
Total Expenses	<u>\$ 370,160</u>	<u>\$ 37,979</u>	<u>\$ 408,139</u>	<u>\$ 968,760</u>	<u>\$ 915,871</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, 2021
With Summary Totals for 2020

	<u>Totals</u> <u>June 30, 2021</u>	<u>Totals</u> <u>June 30, 2020</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 473,304	\$ (181,591)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	552	
Realized (gains) losses	(36,909)	(2,969)
(Increase) decrease in operating assets		
Receivables	(23,528)	71,460
Prepaid Expenses	72,704	(45,970)
Increase (decrease) in operating liabilities		
Accounts Payable	(21,529)	(1,644)
Payroll Liabilities	(5,177)	(10,865)
Credit Cards Payable	(35,364)	17,922
Deferred Revenue	(384,741)	340,528
Line of Credit		(228,926)
Net Cash Provided (Used) by Operating Activities	39,312	(42,155)
Cash Flows from Investing Activities		
Property and Equipment additions/retirements	(5,516)	189,363
Short term investments		
Investment income reinvested, net	(2,934)	2,436
Net Cash Provided (Used) by Investing Activities	(8,450)	191,799
Cash Flows from Financing Activities		
Payroll Protection Loan Proceeds	119,573	109,000
Payroll Protection Loan Forgiven	(109,000)	
Net Cash Provided by Financing Activities	10,573	109,000
Net Increase (Decrease) in Cash	41,435	258,644
Cash at Beginning of the Year	381,038	122,394
Cash at End of the Year	<u>\$ 422,473</u>	<u>\$ 381,038</u>
Supplemental Data		
Interest paid		<u>\$ 4,575</u>

The accompanying notes are an integral part of these financial statements

Northeast Sustainable Energy Association, Inc.
Notes to Financial Statements
June 30, 2020

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, 2020

E. Advertising Costs:

The organization expenses the cost of advertising as incurred. Advertising costs of \$862 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	\$51,112
Endowment Fund	<u>20,000</u>
	<u>\$71,112</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, 2020

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, 2020 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	\$ 381,038	\$ 381,038	\$ 0	\$ 0
Short Term Investments	<u>69,260</u>	<u>69,260</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 450,298</u>	<u>\$ 450,298</u>	<u>\$ 0</u>	<u>\$ 0</u>

7. Subsequent Events

Management performed an evaluation of subsequent events through May 4, 2021 the date these financial statements were issued.

Northeast Sustainable Energy Association, Inc.
Notes to Financial Statements
June 30, 2020

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, 2020, there was no balance 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, 2020, was \$69,260. Earnings for the period amounted to \$1,704. Investment expenses totaled \$633 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>\$ (322,423)</u>	<u>\$ 249,926</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	\$ 133,060		\$ (133,060)	
Computer Equipment	61,486			61,486
Furniture and Fixtures	15,933			15,933
Website	<u>172,507</u>			<u>172,507</u>
Total	<u>\$ 382,986</u>	<u>\$ 0</u>	<u>\$ (133,060)</u>	<u>\$ 249,926</u>

Northeast Sustainable Energy Association, Inc.
Notes to Financial Statements
June 30, 2020

11. Payroll Protection Loan

Organization received \$109,000 loan due to Covid 19 pandemic which management believes will be forgiven in the near future.