

Northeast Sustainable Energy Association, Inc.

Independent Auditor's Report

June 30, 2022



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, 2022 and 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, 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.

Easthampton, Massachusetts
May 30, 2023

Derrice F. Lord, CPA

Northeast Sustainable Energy Association, Inc.
Statement of Financial Position
As of June 30, 2022
With Summary Totals for 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	June 30, 2022 Total	June 30, 2021 Total
ASSETS				
Current Assets				
Cash	\$ 360,842	\$ 23,018	\$ 383,860	\$ 422,473
Accounts Receivable	156,209		156,209	63,887
Short Term Investments	20,000	71,831	91,831	109,103
Prepaid Expenses	<u>42,286</u>	<u> </u>	<u>42,286</u>	<u>12,125</u>
Total Current Assets	<u>579,337</u>	<u>94,849</u>	<u>674,186</u>	<u>607,588</u>
Property and Equipment				
Furniture and Fixtures	20,369		20,369	19,289
Equipment	64,696		64,696	63,645
Website	<u>180,508</u>		<u>180,508</u>	<u>172,508</u>
	265,573		265,573	255,442
Less-Accumulated Depreciation	<u>252,594</u>		<u>252,594</u>	<u>250,478</u>
Total Property and Equipment	<u>12,979</u>		<u>12,979</u>	<u>4,964</u>
Total Assets	<u>\$ 592,316</u>	<u>\$ 94,849</u>	<u>\$ 687,165</u>	<u>\$ 612,552</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	\$ 47,194		\$ 47,194	\$ 41,223
Credit Cards Payable	25,674		25,674	15,936
Payroll Related Liabilities	36,351		36,351	26,386
Deferred Revenue	156,168		156,168	63,724
Payroll Protection Loan	<u> </u>	<u> </u>	<u> </u>	<u>119,572</u>
Total Current Liabilities	265,387		265,387	266,842
Net Assets				
Net Assets Without Donor Restrictions	326,929		326,929	300,861
Net Assets With Donor Restrictions	<u> </u>	<u>\$ 94,849</u>	<u>94,849</u>	<u>44,849</u>
Total Net Assets	<u>326,929</u>	<u>94,849</u>	<u>421,778</u>	<u>345,710</u>
Total Liabilities and Net Assets	<u>\$ 592,316</u>	<u>\$ 94,849</u>	<u>\$ 687,165</u>	<u>\$ 612,552</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, 2022
With Summary Totals for 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	June 30, 2022 Total	June 30, 2021 Total
SUPPORT AND REVENUE				
Contributions	\$ 43,737	\$ 50,000	\$ 93,737	\$ 109,421
Program Fees	240,979		240,979	493,511
Member Dues	311,780		311,780	285,476
Sponsorships	345,855		345,855	272,948
Grants	326,573		326,573	224,000
Rental Income	2,020		2,020	
Investment Income	2,499		2,499	2,204
Other Revenue	21,886		21,886	17,595
Unrealized Gain (Loss) on Investments	(20,747)		(20,747)	36,909
Net Assets Released from Restrictions	_____	_____	_____	_____
Total Support and Revenue	<u>1,274,532</u>	<u>50,000</u>	<u>1,324,532</u>	<u>1,442,064</u>
EXPENSES				
Program Services				
Conferences and Tours	602,102		602,102	456,119
Member Services	138,341		138,341	104,502
Support Services				
Administration	460,485		460,485	370,160
Fundraising	47,536	_____	47,536	37,979
Total Expense	<u>1,248,464</u>	_____	<u>1,248,464</u>	<u>968,760</u>
Change in Net Assets	26,068	50,000	76,068	473,304
Net Assets at Beginning of Year	300,861	44,849	345,710	(127,594)
Net Assets at End of Year	<u>\$ 326,929</u>	<u>\$ 94,849</u>	<u>\$ 421,778</u>	<u>\$ 345,710</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, 2022
With Summary Totals for 2021

	Program Services		
	Conferences and Tours	Member Services	Total Program Expenses
Salaries and Wages	\$ 243,484	\$ 56,985	\$ 300,469
Payroll Taxes	25,924	6,067	31,991
Employee Benefits	<u>26,691</u>	<u>6,247</u>	<u>32,938</u>
Total Compensation Related	296,099	69,299	365,398
Advertising	1,915	448	2,363
Bank and Credit Card Fees	12,309	2,881	15,190
Communications	1,318	308	1,626
Consultants	130,639	30,575	161,214
Depreciation	995	233	1,228
Dues and Fees	9,430	2,207	11,637
Equipment Expense	2,553	598	3,151
Food and Beverages	56,703	13,271	69,974
Insurance	4,448	1,041	5,489
Occupancy	27,044	6,329	33,373
Office Expense	569	133	702
Postage	211	49	260
Printing	2,554	598	3,152
Professional Fees			
Program Supplies	32,537	7,615	40,152
Scholarships and Awards	11,003		11,003
Staff Training	487	114	601
Travel	<u>11,288</u>	<u>2,642</u>	<u>13,930</u>
Total Expenses	<u>\$ 602,102</u>	<u>\$ 138,341</u>	<u>\$ 740,443</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, 2022
With Summary Totals for 2021

	Administrative	Fundraising	Total Support Services	June 30, 2022 Total Expenses	June 30, 2021 Total Expenses
Salaries & Wages	\$ 196,859	\$ 20,722	\$ 217,581	\$ 518,050	\$ 541,066
Payroll Taxes	20,960	2,207	23,167	55,158	41,296
Employee Benefits	<u>21,580</u>	<u>2,271</u>	<u>23,851</u>	<u>56,789</u>	<u>52,284</u>
Total Compensation Related	239,399	25,200	264,599	629,997	634,646
Advertising	1,548	163	1,711	4,074	4,120
Bank and Credit Card Fees	9,952	1,047	10,999	26,189	21,013
Communications	1,066	112	1,178	2,804	2,540
Consultants	105,623	11,119	116,742	277,956	204,548
Depreciation	804	84	888	2,116	552
Dues and Fees	7,624	802	8,426	20,063	33,802
Equipment Expense	2,064	217	2,281	5,432	3,581
Food and Beverages	45,845	4,826	50,671	120,645	1,803
Insurance	3,596	379	3,975	9,464	7,466
Occupancy	21,865	2,302	24,167	57,540	26,471
Office Expense	460	49	509	1,211	3,061
Postage	170	18	188	448	1,552
Printing	2,065	216	2,281	5,433	2,934
Professional Fees	8,883		8,883	8,883	9,385
Program Supplies				40,152	361
Scholarships and Awards				11,003	9,607
Staff Training	394	41	435	1,036	1,071
Travel	<u>9,127</u>	<u>961</u>	<u>10,088</u>	<u>24,018</u>	<u>247</u>
Total Expenses	<u>\$ 460,485</u>	<u>\$ 47,536</u>	<u>\$508,021</u>	<u>\$ 1,248,464</u>	<u>\$ 968,760</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, 2022
With Summary Totals for 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 76,068	\$ 473,304
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	2,116	552
Realized (gains) losses	20,747	(36,909)
(Increase) decrease in operating assets		
Receivables	(92,322)	(23,528)
Prepaid Expenses	(30,161)	72,581)
Increase (decrease) in operating liabilities		
Accounts Payable	5,971	21,529
Payroll Liabilities	9,965	(5,177)
Credit Cards Payable	9,738	(35,364)
Deferred Revenue	<u>92,444</u>	<u>(384,741)</u>
Net Cash Provided (Used) by Operating Activities	94,566	39,312
Cash Flows from Investing Activities		
Property and equipment additions/retirements	(10,131)	(5,516)
Investment income reinvested, net	<u>(3,476)</u>	<u>(2,934)</u>
Net Cash Provided (Used) by Investing Activities	<u>(13,607)</u>	<u>(8,450)</u>
Cash Flows from Financing Activities		
Payroll Protection Loan Proceeds		119,573
Payroll Protection Loan Forgiveness	<u>(119,572)</u>	<u>(109,000)</u>
Net Cash Provided by Financing Activities		10,573
Net Increase (Decrease) in Cash	(38,613)	41,435
Cash at Beginning of the Year	<u>422,473</u>	<u>381,038</u>
Cash at End of the Year	<u>\$ 383,860</u>	<u>\$ 422,473</u>

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

Northeast Sustainable Energy Association, Inc.
Notes to Financial Statements
June 30, 2022

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 assets 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, 2022

E. Advertising Costs:

The organization expenses the cost of advertising as incurred. Advertising costs of \$4,074 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 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	\$44,849
Payroll Loan Fund	<u>50,000</u>
	<u>\$94,849</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, 2022

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 6.

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, 2022 are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents	\$ 383,860	\$ 383,860	\$ 0	\$ 0
Short Term Investments	<u>91,831</u>	<u>91,831</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 475,691</u>	<u>\$ 475,691</u>	<u>\$ 0</u>	<u>\$ 0</u>

7. Subsequent Events

Management performed an evaluation of subsequent events through May 30, 2023 the date these financial statements were issued.

Northeast Sustainable Energy Association, Inc.
Notes to Financial Statements
June 30, 2022

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, 2022, 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, 2022, was \$91,831. Earnings for the period amounted to \$2,020. Investment expenses totaled \$619 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>
Computer Equipment	\$ 63,645	\$ 1,051		\$ 64,696
Furniture and Fixtures	19,289	1,080		20,369
Website	<u>172,508</u>	<u>8,000</u>	<u> </u>	<u>180,508</u>
Total	<u>\$ 255,442</u>	<u>\$ 10,131</u>	<u>\$ 0</u>	<u>\$ 265,573</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>
Computer Equipment	\$ 61,702	\$ 537		\$ 62,239
Furniture and Fixtures	16,268	779		17,047
Website	<u>172,508</u>	<u>800</u>	<u> </u>	<u>173,308</u>
Total	<u>\$ 250,478</u>	<u>\$ 2,116</u>	<u>\$ 0</u>	<u>\$ 252,594</u>

Northeast Sustainable Energy Association, Inc.
Notes to Financial Statements
June 30, 2022

11. Payroll Protection Loan

Organization received loan due to Covid 19 pandemic which was forgiven in the current year.

12. Prior Year Information

Prior year information presented in the statement of financial position and statement of activities is included to provide a basis of comparison with the prior year and present summarized totals only. The prior year amounts are not intended to present a complete presentation in conformity with generally accepted accounting principles

13. Asset Liquidity and Availability

As of June 30, 2022, the Organization has \$517,051 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$360,842 and accounts receivable of \$156,209. As part of the Organization'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.