



THREE SQUARES NEW ENGLAND, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

THREE SQUARES NEW ENGLAND, INC.

TABLE OF CONTENTS

DECEMBER 31, 2022

| | <u>Page</u> |
|----------------------------------|-------------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 4 |
| Statement of Activities | 5 |
| Statement of Cash Flows | 6 |
| Statement of Functional Expenses | 7 |
| | |
| NOTES TO FINANCIAL STATEMENTS | 8-12 |



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Three Squares New England, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Three Squares New England, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in conformity 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement 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 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 statement, 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 for one year after the date that the financial statement is issued.

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

Auditors' Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 GAAS 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 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 GAAS, 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 audit.

Other Matters

Report on Summarized Comparative Information

Three Squares New England, Inc.'s financial statements were audited by Johnson O'Connor Feron & Carucci LLP and expressed an unmodified audit opinion on those financial statements in our report dated March 16, 2022.

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

The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Treeful Damasso Aniceto, Inc.

March 16, 2023

THREE SQUARES NEW ENGLAND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(With Summarized Comparative Totals for Ended December 31, 2021)

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 221,726 | \$ 241,248 |
| Restricted cash | -- | 1,750 |
| Contributions receivable, net of allowance | 2,569 | 1,068 |
| Prepaid expenses | <u>542</u> | <u>--</u> |
| Total assets | <u>\$ 224,837</u> | <u>\$ 244,066</u> |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable | \$ <u>23,394</u> | \$ <u>62,847</u> |
| Total liabilities | 23,394 | 62,847 |
| Net Assets: | | |
| Without donor restrictions: | | |
| Undesignated | 144,853 | 120,640 |
| Board designated | <u>56,590</u> | <u>60,579</u> |
| Total net assets | <u>201,443</u> | <u>181,219</u> |
| Total liabilities and net assets | <u>\$ 224,837</u> | <u>\$ 244,066</u> |

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

THREE SQUARES NEW ENGLAND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Summarized Comparative Totals for the Year Ended December 31, 2021)

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total 2022</u> | <u>Total 2021</u> |
|---------------------------------------|---|-----------------------------------|-------------------|-------------------|
| REVENUES AND SUPPORT | | | | |
| Contributions | \$ 592,786 | \$ -- | \$ 592,786 | \$ 639,469 |
| In-Kind contributions | 9,413 | -- | 9,413 | 7,790 |
| Interest income | <u>494</u> | <u>--</u> | <u>494</u> | <u>542</u> |
| Total Revenues and Support | 602,693 | -- | 602,693 | 647,801 |
| OPERATING EXPENSES | | | | |
| Program Services | 569,802 | | 569,802 | 620,014 |
| Management and general | 9,770 | -- | 9,770 | 33,933 |
| Fundraising | <u>2,897</u> | <u>--</u> | <u>2,897</u> | <u>5,085</u> |
| Total operating expenses | 582,469 | | 582,469 | 659,032 |
| Increase in net assets | 20,224 | -- | 20,224 | (11,231) |
| Net assets - beginning of year | <u>181,219</u> | <u>--</u> | <u>181,219</u> | <u>192,450</u> |
| Net assets - end of year | <u>\$ 201,443</u> | <u>\$ --</u> | <u>\$ 201,443</u> | <u>\$ 181,219</u> |

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

THREE SQUARES NEW ENGLAND, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Summarized Comparative Totals for the Year Ended December 31, 2021)

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in net assets | \$ 20,224 | \$ (11,231) |
| Adjustments to reconcile increase in net assets to net cash (used in)/provided by operating activities: | | |
| Amortization | -- | 538 |
| Change in operating assets and liabilities: | | |
| Contributions receivable | (1,501) | (35) |
| Fiscal sponsor cash reserve | 1,750 | - |
| Prepaid expenses | (542) | 863 |
| Accounts payable | <u>(39,453)</u> | <u>49,426</u> |
| Net Cash (Used in)/Provided by Operating Activities | (19,522) | 39,561 |
| Net Change in Cash and Cash Equivalents | (19,522) | 39,561 |
| Cash and Cash Equivalents at Beginning of Year | <u>241,248</u> | <u>201,687</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 221,726</u> | <u>\$ 241,248</u> |

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

THREE SQUARES NEW ENGLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Summarized Comparative Totals for the Year Ended December 31, 2021)

| | Supporting Services | | | | |
|------------------------|----------------------------|-------------------------------|-------------|------------------------|------------------------|
| | Program Services | General and Administrative | Fundraising | 2022 Total Expenses | 2021 Total Expenses |
| Participant assistance | \$ 448,348 | \$ -- | \$ -- | \$ 448,348 | \$ 488,724 |
| Salaries | 31,790 | 3,740 | 1,870 | 37,400 | 58,362 |
| Advertising expense | 15,410 | -- | -- | 15,410 | 30,145 |
| Payment service fee | 24,652 | -- | 106 | 24,758 | 23,765 |
| Professional fees | 10,342 | 814 | 406 | 11,562 | 22,830 |
| Ride expenses | 20,872 | -- | -- | 20,872 | 8,933 |
| Payroll taxes | 2,792 | 328 | 165 | 3,285 | 5,185 |
| Bookkeeping | 2,988 | 352 | 176 | 3,516 | 4,979 |
| Office supplies | 2,523 | 394 | 133 | 3,050 | 3,943 |
| Event facilities | 2,500 | -- | -- | 2,500 | 2,500 |
| Event meals | 3,488 | 333 | -- | 3,821 | 2,490 |
| Insurance | 3,016 | 680 | -- | 3,696 | 2,342 |
| Miscellaneous | -- | 2,810 | -- | 2,810 | 2,252 |
| Printing and postage | 786 | 244 | 41 | 1,071 | -- |
| Memberships | 295 | 75 | -- | 370 | -- |
| Amortization | -- | -- | -- | -- | 538 |
| Corporate match | -- | -- | -- | -- | 2,044 |
| Total Expenses | \$ 569,802 | \$ 9,770 | \$ 2,897 | \$ 582,469 | \$ 659,032 |

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

THREE SQUARES NEW ENGLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of Presentation

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according on two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-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. Net assets without donor restrictions are resources available to be expended for any purpose in performing the primary objectives of Three Squares New England and not subject to donor-imposed restrictions.

The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets without donor restrictions may be used at the discretion of Three Squares New England's management and the Board of Directors. The Board of Directors will, at times, designate net assets without donor restrictions for a particular purpose of Three Squares New England. These net assets are shown separately in the statements of financial position as board-designated net assets.

The Organization's unspent contributions are reported in net assets with donor contributions if the donor limited their use or are promised contributions that are not yet due.

THREE SQUARES NEW ENGLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restrictions is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. The Organization has Net Assets with Donor Restrictions of \$0 as of December 31, 2022.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid money investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash balances with various financial institutions which, may at times, exceed federally insurance limits of \$250,000 per financial institution.

Contributions Receivable

The Organization records accounts receivable in amounts that management expects to collect from outstanding balances. The Organization provides a provision for probable uncollectible amounts through a valuation account based on management's assessment of the current status of its various receivable accounts. Balances uncollected are written off through a charge to the valuation account and a reduction in the related receivable account. Management believes that all contributions receivable are fully collectible, therefore, no allowance for uncollectible amounts has been recorded.

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 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 assets without donor restrictions and reported in the statement 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
DECEMBER 31, 2022

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – 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 \$3,425 for the year ended December 31, 2022. The Organization benefited from donated food, supplies and facilities for program expenses which were valued at \$5,988 for the year ended December 31, 2022.

Functional Allocation of Expenses

The costs of providing program services have been summarized on a functional basis in the Statement of Activities. The statement of functional expenses presents 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 included 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.

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 revenue and expenses during the reporting period. Actual results could vary from the estimates that were used.

Advertising Expense

Advertising costs are expensed as incurred and totaled \$15,410 for the year ended December 31, 2022.

THREE SQUARES NEW ENGLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Date of Management’s review

Subsequent events have been evaluated by management through March 16, 2023, the date the financial statements were available to be issued.

NOTE 2 – INCOME TAX STATUS

The Organization is a 501(c)(3) organization that is exempt from Federal income taxes under the provisions of the Internal Revenue Code Section 501(a), except for income unrelated to their exempt purpose. The Organization is classified as an organization that is not a private foundation and qualifies for charitable contribution deductions. For the year ended December 31, 2022, there was no provision for income taxes required since The Organization had no taxable income from unrelated business activities.

The Organization complies with the provisions of FASB ASC Topic 740, Accounting for Uncertainty in Income Taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Management evaluated the

Organization’s tax positions and concluded that it had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. For the years ended December 31, 2022, no unrecognized tax provision or benefit exists in the accompanying financial statements.

NOTE 3 – RISKS AND UNCERTAINTIES

Concentrations of Credit Risk

The Organization maintains cash balances at financial institutions in Massachusetts. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the Organization had uninsured cash and cash equivalent balances of \$0.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$224,295 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$221,726 and contributions receivable of \$2,569. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year.

THREE SQUARES NEW ENGLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – Continued

The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$96,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As part of the Organization’s liquidity management plan, the Board of Directors maintains 10% of every dollar raised by participating hunger-relief organization 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.

NOTE 5 – SUMMARIZED FINANCIAL INFORMATION FOR 2021

The combined financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.



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