

**BERKSHIRE ENVIRONMENTAL
ACTION TEAM, INC.**

Financial Statements

December 31, 2022

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
BERKSHIRE ENVIRONMENTAL ACTION TEAM, INC.
20 Chapel Street, Pittsfield, Massachusetts

We have reviewed the accompanying financial statements of Berkshire Environmental Action Team, Inc. (a nonprofit organization), 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 then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Berkshire Environmental Action Team, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Adelson + Company PC
ADELSON & COMPANY PC

April 5, 2023

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BERKSHIRE ENVIRONMENTAL ACTION TEAM, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2022

Assets

Current assets

Cash and equivalents	\$	129,349
Pledges receivable		40,000
Gift shop inventory		<u>625</u>

Total current assets 169,974

Property and equipment, net 137,916

Total assets \$ 307,890

Net assets

Without donor restrictions	\$	205,903
With donor restrictions		<u>101,987</u>

Total net assets \$ 307,890

See independent accountants' review report and notes to financial statements.

BERKSHIRE ENVIRONMENTAL ACTION TEAM, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Contributions of financial assets			
Public support	\$ 91,530	\$ 498	\$ 92,028
Government	18,958	-	18,958
Foundations and trusts	147,950	72,843	220,793
Corporations and businesses	1,000	-	1,000
Nonprofit organizations	4,800	-	4,800
Contributions of nonfinancial assets	28,988	-	28,988
Program income	7,006	6,070	13,076
Gift shop income	919	-	919
Interest income	40	-	40
Net assets released from restrictions	<u>18,268</u>	<u>(18,268)</u>	<u>-</u>
Total revenue and support	<u>319,459</u>	<u>61,143</u>	<u>380,602</u>
Expenses			
Program	216,962	-	216,962
Management and general	40,529	-	40,529
Fund-raising	<u>22,569</u>	<u>-</u>	<u>22,569</u>
Total expenses	<u>280,060</u>	<u>-</u>	<u>280,060</u>
Change in net assets	39,399	61,143	100,542
Net assets, beginning	<u>166,504</u>	<u>40,844</u>	<u>207,348</u>
Net assets, ending	<u>\$ 205,903</u>	<u>\$ 101,987</u>	<u>\$ 307,890</u>

See independent accountants' review report and notes to financial statements.

BERKSHIRE ENVIRONMENTAL ACTION TEAM, INC.**STATEMENT OF FUNCTIONAL EXPENSES****For the Year Ended December 31, 2022**

	<u>Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Compensation and related expenses				
Salaries	\$ 126,567	\$ 25,313	\$ 16,876	\$ 168,756
Payroll taxes	11,672	2,334	1,557	15,563
Total	<u>138,239</u>	<u>27,647</u>	<u>18,433</u>	<u>184,319</u>
Advertising and promotion	145	-	-	145
Business expenses	604	383	-	987
Depreciation	2,089	696	-	2,785
Development	-	269	-	269
Dues and subscriptions	-	1,099	-	1,099
Information technology				
Website and email services	1,389	602	-	1,991
Donated annual software licenses	18,000	-	-	18,000
Insurance	-	2,997	-	2,997
Occupancy	10,210	2,042	1,362	13,614
Postage	418	140	845	1,403
Printing and copying	927	309	1,460	2,696
Professional fees				
Accounting services	-	2,927	-	2,927
Outside contract services	26,853	-	-	26,853
Donated professional services	8,218	-	-	8,218
Supplies	8,260	1,074	469	9,803
Travel and meetings	<u>1,610</u>	<u>344</u>	<u>-</u>	<u>1,954</u>
Total	<u>\$ 216,962</u>	<u>\$ 40,529</u>	<u>\$ 22,569</u>	<u>\$ 280,060</u>

See independent accountants' review report and notes to financial statements.

BERKSHIRE ENVIRONMENTAL ACTION TEAM, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

Operating activities		
Change in net assets	\$	100,542
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation		2,785
(Increase) decrease in operating assets:		
Pledges receivable		(40,000)
Gift shop inventory		(625)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities		(224)
Net cash provided (used) by operating activities		<u>62,478</u>
Cash and equivalents, beginning		<u>66,871</u>
Cash and equivalents, ending	\$	<u><u>129,349</u></u>

See independent accountants' review report and notes to financial statements.

BERKSHIRE ENVIRONMENTAL ACTION TEAM, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Berkshire Environmental Action Team, Inc. is a not-for-profit corporation organized under Chapter 180 of the laws of the Commonwealth of Massachusetts. The Organization protects the environment for wildlife in support of the natural work that sustains us all. We operate on a strong foundation of science to find, stop, and prevent pollution. The Organization has three major focal areas:

Stewardship

Invasive Plant Removals: we remove non-native invasive plants from local lands. These invasive species degrade local ecosystems and displace native plants that are crucial sources of food and shelter for wildlife. We work with other groups to locate and manage infestations of invasive hardy kiwi in the Berkshires.

Wildlife Connectivity: Our Connecting for Wildlife program brings expert and amateur trackers together in the field to learn wildlife sign. We work to strengthen our understanding of wildlife so that their resources and needs can be protected and nourished. We strive to improve habitat connectivity and motorist safety in Western Massachusetts. Roads represent a significant barrier to wildlife movement, subdividing the landscape, fragmenting and degrading habitat, and given traffic, acting as a conspicuous source of wildlife mortality. To address this issue we collaborate with transportation planners, biologists, universities, and locals to identify, survey, and analyze road segments within linkage zones (also known as wildlife corridors).

River Cleanups: We work with our neighbors getting our hands dirty cleaning up the Housatonic River. We partner with many organizations, including the Housatonic Valley Organization on river projects.

Water Quality: Our work on water quality has identified hundreds of previously unmapped outfalls. We perform outfall surveys and test multiple parameters for water quality assurance. This work is being done for the City of Pittsfield to ensure the city is meeting their National Pollution Discharge Elimination System (NPDES) regulations, U.S. Environmental Protection Agency's program for regulating the discharge of pollutants into our waters. In addition to sampling storm water pipes, we are also involved with Housatonic Valley Organization and Hoosic River Watershed Organization, surveying surface water for temperature, E. coli, and road salt.

Education and Outreach

Our reach extends throughout the Berkshires and beyond with our bi-weekly newsletter, action alerts, and educational presentations. We sponsor monthly gatherings and attend dozens of events, conferences, and meetings all year long. We work to keep the public informed about environmental issues affecting Western Massachusetts – because an informed and engaged public is the environment's best protection.

Watchdogging

Our watchdogging work uses evidence-based science along with our years of experience to protect critical habitats, as well as investigate known PCB pollution and day-to-day alerts called in by local residents.

No Fracked Gas in Mass (NFGiM) is a program that advocates for safe, clean, accessible energy for all and fights against toxic, dangerous fossil fuels.

See independent accountants' review report.

NOTE 1 - (Continued)

Income Taxes

The Organization is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code and state taxes under applicable state law. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition. The Organization's tax returns are subject to examination by taxing authorities for all years ending on or after December 31, 2019.

Basis of Accounting and Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or passage of time. Other donor restrictions may be perpetual in nature, where by the donor stipulates the funds will be maintained in perpetuity.

Contributed Services

Volunteers contribute services to the Organization in all aspects of its programs for which no value has been recognized in the financial statements because these services did not meet the criteria for recognition under generally accepted accounting principles.

Contributions of Financial Assets

The Organization accounts for contributions of financial assets received as increases in net assets without donor restriction or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a donor restriction expires (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. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support within net assets without donor restrictions.

Promises to Give

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization uses an allowance method for promises to give based upon management's analysis of the accounts and prior collection experience.

Contributions of Nonfinancial Assets

The Organization records various types of contribution of nonfinancial assets (in kind contributions) including professional services, advertising and materials. Contributed professional services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

See independent accountants' review report.

NOTE 1 - (Continued)

Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as contributions of nonfinancial assets are offset by like amounts included in expenses or property and equipment. During 2022, the Organization received contributions of nonfinancial assets of software licenses valued at \$18,000 and professional services valued at \$10,988 which it used for general administrative and program activities. The contributed nonfinancial assets did not have donor-imposed restrictions.

Cash and Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Revenue Recognition

Contributions and Grants

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Grants, which are non-exchange transactions, are recorded once all conditions are met. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Gift Shop

Gift shop sales are recognized at the time of purchase.

Inventory

Inventory is stated at the lower of acquisition cost or net realizable value. Cost is determined by the first-in, first-out method.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment with a useful life greater than one year and a cost in excess of \$2,500. Purchased equipment is recorded at cost. Donated equipment is recorded at fair market value at the date of donation. Depreciation of buildings and equipment is provided over the estimated useful lives of the assets using the straight-line method.

Functional Allocation of Expenses

The costs of providing program and support activities 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 using management's estimates among the program and supporting activities benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, professional services, office expenses, and other expenses, which are allocated based on estimates of time and effort.

Advertising

The Organization expenses advertising costs as incurred. The amounts for each year were not material to the financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of 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.

Subsequent Events

Management has evaluated subsequent events through April 5, 2023, the date that the financial statements were available for issue, and has determined that there are no additional adjustments or disclosures required.

See independent accountants' review report.

NOTE 2 - CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash. The Organization maintains its cash in various bank deposit accounts, which at times may exceed federally insured limits. Bank deposits at December 31, 2022 was \$129,197, which was fully insured. The Organization has not experienced any losses in such accounts.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises at December 31, 2022 was \$40,000 and is restricted for the Watchdogging program, No Fracked Gas in Mass. In Management's judgement, an allowance for uncollectible accounts was not considered necessary.

NOTE 4 - PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT DECEMBER 31:

	<u>2022</u>
Land	\$ 34,400
Building	90,500
Building improvements	<u>16,370</u>
Total	141,270
Accumulated depreciation	<u>(3,354)</u>
Property and equipment, net	<u>\$ 137,916</u>

Depreciation expense was \$2,785 for the year ended December 31, 2022.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	<u>2022</u>
Subject to expenditure for specified purpose:	
Capital campaign renovations	\$ 46,978
Northeast Wildlife Trackers	15,009
Watchdogging - No Fracked Gas in Mass	<u>40,000</u>
Total net assets with donor restrictions	<u>\$ 101,987</u>

Net assets of \$18,268 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

See independent accountants' review report.

NOTE 6 - LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of donor-imposed or other restrictions.

	<u>2022</u>
Financial assets at year end	
Cash and equivalents	\$ 129,349
Pledges receivable	<u>40,000</u>
Total financial assets	<u>169,349</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	101,987
Less net assets with restrictions to be met within one year	<u>(86,978)</u>
Total amount not available to be used within one year	<u>15,009</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 154,340</u>

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. In addition, the Organization invests its cash in excess of daily requirements in short-term investments, such as money market accounts, savings accounts, and/or certificates of deposit.

NOTE 7 - RELATED PARTY

The Executive Director of the Organization is married to a board member.