

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022  
(With Comparative Totals for 2021)

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

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JOHNSON · LAUDER & SAVIDGE, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

Board of Directors  
Broome County Council of Churches, Inc.  
And Northside Grocery, Inc.

### Qualified Opinion

We have audited the accompanying combined financial statements of Broome County Council of Churches, Inc. and Northside Grocery, Inc. (nonprofit organizations), which comprise the combined statement of financial position as of June 30, 2022, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the combined financial statements referred to above present fairly, in all material respects, the financial position of Broome County Council of Churches, Inc. and Northside Grocery, Inc. as of June 30, 2022, and the results of 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.

### Basis for Qualified Opinion

We did not observe the taking of Broome County Council of Churches, Inc.'s physical inventories at June 30, 2022 (stated at \$336,566), since that date was prior to the time we were initially engaged as auditors for the Organization. We were unable to obtain sufficient appropriate audit evidence about inventory quantities by other auditing procedures.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Broome County Council of Churches, Inc. and Northside Grocery, 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 qualified audit opinion.

### Other Matter

The combined financial statements of Broome County Council of Churches, Inc. and Northside Grocery, Inc. as of June 30, 2021, were audited by other auditors whose report dated July 11, 2022, expressed an unmodified opinion on those statements.

## **Responsibilities of Management for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Combined Financial Statements**

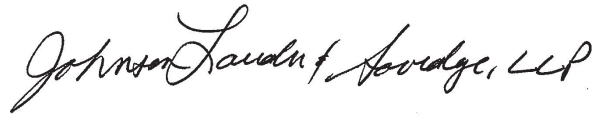
Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Broome County Council of Churches, Inc. and Northside Grocery, 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Broome County Council of Churches, Inc. and Northside Grocery, Inc.'s ability to continue as a going concern for a reasonable period of time.

Board of Directors  
Broome County Council of Churches, Inc.  
And Northside Grocery, Inc.

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.

A handwritten signature in black ink, reading "Johnson, Lauder & Savidge, LLP". The signature is written in a cursive, flowing style.

JOHNSON, LAUDER & SAVIDGE, LLP

Binghamton, New York  
May 15, 2023

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022  
(With Comparative Totals for 2021)

	Broome County Council of Churches, Inc.						Northside Grocery, Inc.							
	Without donor restrictions			Property and Board Designated			Without donor restrictions			Property and Board Designated				
	General	Without Donor Restrictions	Total	General	Without Donor Restrictions	Total	General	Without Donor Restrictions	Total	With Donor Restrictions	Total	Eliminating Intercountry Entries	2022 Combined Totals	2021 Combined Totals
<b>Assets</b>														
Current assets														
Cash and cash equivalents	\$ 348,428	\$ -	\$ 348,428	\$ 143,820	\$ -	\$ 143,820	\$ 82,186	\$ -	\$ 82,186	\$ -	\$ -	\$ -	\$ 574,434	\$ 539,719
Grants and contracts receivable	68,638	-	68,638	-	-	-	2,300	-	2,300	20,000	-	-	90,938	71,638
Other receivable	800	-	800	-	-	-	-	-	-	800	-	-	800	-
Investments	-	288,617	288,617	347,105	-	347,105	635,722	-	635,722	-	-	-	635,722	763,386
Inventory	500	-	500	336,066	-	336,066	23,777	-	23,777	-	-	-	360,343	290,392
Prepaid expenses	16,757	-	16,757	-	-	-	3,456	-	3,456	-	-	-	20,213	24,574
Due from (to) related organization	210,483	-	210,483	-	-	-	-	-	-	-	-	(210,483)	-	-
Total current assets	645,606	-	645,606	826,991	-	826,991	1,111,719	-	1,111,719	20,000	-	(210,483)	1,682,450	1,689,709
Property and equipment, net	-	2,563,729	2,563,729	-	-	-	678,741	-	678,741	-	-	-	3,242,470	3,227,428
Less: accumulated depreciation	-	(1,615,918)	(1,615,918)	-	-	-	(84,553)	-	(84,553)	-	-	-	(1,700,471)	(1,524,416)
Net property and equipment	-	947,811	947,811	-	-	-	594,188	-	594,188	-	-	-	1,541,999	1,703,012
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Beneficial interest in perpetual trust	-	-	-	562,976	-	562,976	-	-	-	-	-	-	562,976	690,426
Retainers	-	-	-	-	-	-	5,000	-	5,000	-	-	-	5,000	5,000
Total other assets	-	-	-	562,976	-	562,976	5,000	-	5,000	-	-	-	567,976	695,426
Total assets	\$ 645,606	\$ 1,236,428	\$ 1,882,034	\$ 1,389,967	\$ -	\$ 1,389,967	\$ 1,116,719	\$ 594,188	\$ 710,907	\$ 20,000	\$ -	\$ (210,483)	\$ 3,792,425	\$ 4,088,147

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

JUNE 30, 2022  
(With Comparative Totals for 2021)

	Broome County Council of Churches, Inc.						Northside Grocery, Inc.								
	Without donor restrictions			Without donor restrictions			Without donor restrictions			Without donor restrictions					
	General	With Donor Restrictions	Total	General	With Donor Restrictions	Total	Property and Board Designated	Without Donor Restrictions	Total	With Donor Restrictions	Total	Total 2022	Eliminating Intercompany Entries	2022 Combined Totals	2021 Combined Totals
<b>Liabilities and net assets</b>															
Current liabilities															
Current portion of long-term debt	\$ -	\$ 20,832	\$ 20,832	\$ -	\$ -	\$ 20,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,832	\$ -	\$ 20,832	\$ 19,534
Accounts payable	73,343	-	73,343	44,171	-	44,171	-	44,171	-	44,171	17,514	-	-	17,514	79,387
Accrued expenses	38,810	-	38,810	4,545	-	4,545	-	4,545	-	4,545	43,335	-	-	43,335	30,574
Accrued compensated absences	132,158	-	132,158	-	-	-	-	-	-	-	132,158	-	-	132,158	102,276
Due from (to) related organization	-	-	-	210,483	-	210,483	-	210,483	-	-	210,483	-	(210,483)	-	-
Total current liabilities	244,311	20,832	265,143	259,199	-	259,199	-	259,199	-	259,199	524,342	-	(210,483)	313,859	231,771
Non-current liabilities															
Long-term debt, net of current portion	-	9,066	9,066	259,199	-	259,199	-	259,199	-	-	9,066	-	-	9,066	31,580
Total liabilities	244,311	29,898	274,209	259,199	-	274,209	-	259,199	-	259,199	533,408	-	(210,483)	322,925	263,351
Net assets															
Without donor restrictions	401,295	1,206,530	1,607,825	(142,480)	-	1,607,825	594,188	451,708	451,708	20,000	451,708	2,059,533	-	2,059,533	2,448,621
With donor restrictions	-	-	-	-	-	-	-	-	-	20,000	20,000	1,409,967	-	1,409,967	1,376,175
Total net assets	401,295	1,206,530	1,607,825	(142,480)	-	2,997,792	594,188	451,708	451,708	20,000	471,708	3,469,500	-	3,469,500	3,824,796
Total liabilities and net assets	\$ 645,606	\$ 1,226,428	\$ 1,882,034	\$ 116,719	\$ -	\$ 3,272,001	\$ 594,188	\$ 710,907	\$ 710,907	\$ 20,000	\$ 730,907	\$ 4,002,908	\$ (210,483)	\$ 3,792,425	\$ 4,088,147

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

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

COMBINED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

	Broome County Council of Churches, Inc.							Northside Grocery, Inc.				
	Without donor restrictions			Without donor restrictions				Without donor restrictions		Eliminating Intercompany Entries	2022 Combined Totals	2021 Combined Totals
	General	Property and Board Designated	Total	General	With Donor Restrictions	Without Donor Restrictions	Total	Total				
<b>Revenue and support</b>												
Contributions												
Churches	\$ 23,500	\$ -	\$ 23,500	\$ -	\$ 36,764	\$ 60,264	\$ -	\$ -	\$ -	\$ 60,264	\$ -	\$ 53,838
Organizations and denominations	203,389	-	203,389	-	-	203,389	-	-	-	203,389	-	165,628
Individuals and businesses	676,068	-	676,068	214	131,508	807,576	214	-	-	807,790	-	918,653
Foundations and institutions	293,341	-	293,341	439,955	-	733,296	284,700	-	(53,711)	964,285	-	989,371
Matching gifts	2,750	-	2,750	-	-	2,750	-	-	-	2,750	-	1,000
In-kind donations	3,737,948	-	3,737,948	73,834	-	3,811,782	-	-	-	3,811,782	-	3,546,412
Sales of goods, net of direct costs of \$0 and \$242,358 for BCCOC and NGS, respectively	1,889	-	1,889	6,470	-	8,359	6,470	-	-	8,359	-	27,804
Investment return, net	25,629	(30,035)	(4,406)	-	(189,862)	(194,268)	-	-	-	(194,268)	-	331,604
Miscellaneous income	5,371	-	5,371	544	-	5,915	544	-	-	5,915	-	2,754
PPP loan forgiveness	-	-	-	-	-	-	-	-	-	-	-	163,747
Net assets designated by board	(8,920)	8,920	-	(6,122)	-	-	-	-	-	-	-	-
Net assets released from restrictions	478,407	-	478,407	264,700	(478,407)	264,700	(264,700)	-	-	-	-	-
Total revenue and support	5,439,372	(21,115)	5,418,257	265,806	13,792	5,432,049	291,928	20,000	(53,711)	5,723,977	5,670,266	6,200,811
<b>Functional expenses</b>												
Program services	4,758,858	68,713	4,827,571	402,181	-	5,286,358	458,787	-	-	5,286,358	-	4,770,439
Management and general	501,928	50,736	552,664	58,969	-	611,633	58,969	-	(53,711)	557,922	-	524,469
Fundraising	181,282	-	181,282	181,282	-	362,564	181,282	-	-	362,564	-	140,892
Total functional expenses	5,442,068	119,449	5,561,517	742,432	-	6,304,084	799,038	-	(53,711)	6,603,411	6,023,562	5,435,800
Change in net assets	(2,096)	(140,564)	(142,660)	(195,344)	13,792	(129,468)	(223,828)	20,000	-	(355,296)	-	765,011
Net assets at the beginning of year	403,991	1,347,094	1,751,085	52,864	1,376,175	3,127,260	697,536	-	-	3,824,796	-	3,059,785
Net assets at the end of year	\$ 401,895	\$ 1,206,530	\$ 1,608,425	\$ (142,480)	\$ 1,389,967	\$ 2,997,792	\$ 471,708	\$ 20,000	\$ -	\$ 3,469,500	\$ -	\$ 3,824,796

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



BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

	Broome County Council of Churches, Inc.										Northside Grocery, Inc.					
	Emergency Food Program	Jail Ministry	Hospital Ministry	Faith in Action Volunteers	Total Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising	Total	Eliminating Interecompany Entries	2022 Combined Total	2021 Combined Total	
Salaries and wages	\$ 329,312	\$ 59,407	\$ 45,757	\$ 87,649	\$ 522,125	\$ 190,413	\$ 165,798	\$ 876,336	\$ 256,859	\$ 53,711	\$ -	\$ 310,570	\$ 1,188,906	\$ (53,711)	\$ 1,135,195	\$ 901,843
Payroll taxes	30,858	6,694	4,448	8,358	50,358	4,245	14,883	69,486	25,574	-	-	25,574	95,060	-	95,060	76,031
Fringe benefits	14,644	20,275	300	3,458	38,677	69,390	601	108,668	9,718	-	-	9,718	118,386	-	118,386	85,761
Contracted services - other	-	-	-	130	386	10,384	-	10,514	-	-	-	-	10,514	-	10,514	12,007
Seminars and education	210	162	-	14	386	10,134	-	10,520	-	-	-	-	10,520	-	10,520	9,300
Food expense (includes in-kind)	4,008,232	-	-	768	4,009,000	-	-	4,009,000	-	-	-	-	4,009,000	-	4,009,000	3,773,336
Direct aid	168	22	-	33,937	34,127	51	-	34,178	-	-	-	-	34,178	-	34,178	23,609
Postage and shipping	-	-	-	88	88	6,479	-	6,567	-	-	-	-	6,567	-	6,567	8,567
Telephone and internet	-	-	-	-	-	11,814	-	11,814	-	-	-	-	11,814	-	11,814	8,796
Office expense	-	-	-	-	-	-	-	-	25,298	676	-	25,974	25,974	-	25,974	15,237
Supplies	6,488	2,020	-	8,341	16,849	16,046	-	32,895	-	-	-	-	32,895	-	32,895	81,114
General insurance	-	-	-	-	-	50,618	-	50,618	4,880	1,417	-	6,297	56,915	-	56,915	47,627
Repairs and maintenance	23,851	-	-	2,168	26,019	39,560	-	65,579	821	-	-	821	66,400	-	66,400	63,198
Janitorial services	-	-	-	-	-	-	-	-	30	-	-	30	30	-	30	251
Utilities	1,109	-	-	205	1,109	36,213	-	37,322	14,953	-	-	14,953	52,275	-	52,275	39,358
Printing	-	-	-	7,717	43,655	11,058	-	11,263	-	-	-	-	11,263	-	11,263	9,804
Vehicle expenses	35,938	-	-	-	-	(32)	-	43,623	1,502	-	-	1,502	45,125	-	45,125	20,414
Professional fees (includes in-kind)	-	-	-	-	-	26,095	-	26,095	12,070	3,165	-	15,235	41,330	-	41,330	33,432
Travel and meals	506	2,178	-	774	3,458	4,335	-	7,793	713	-	-	713	8,506	-	8,506	10,279
Depreciation	46,713	4,420	4,420	13,160	68,713	50,736	-	119,449	56,606	-	-	56,606	176,055	-	176,055	165,270
Advertising	3,936	-	-	1,010	4,946	8,482	-	13,428	8,217	-	-	8,217	21,645	-	21,645	14,487
Taxes and licenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,325
Dues, fees and subscriptions	4,241	502	43	251	5,037	6,556	-	11,593	-	-	-	11,593	-	-	-	12,949
Rent expense	-	-	-	-	-	-	-	58	41,206	-	-	41,206	41,206	-	41,206	23,721
Miscellaneous	-	-	-	-	-	58	-	58	340	-	-	340	398	-	398	(5,234)
Interest expense	2,689	-	-	-	2,689	29	-	2,718	-	-	-	2,718	2,718	-	2,718	3,318
<b>Total functional expenses</b>	<b>\$ 4,508,895</b>	<b>\$ 95,680</b>	<b>\$ 54,968</b>	<b>\$ 168,028</b>	<b>\$ 4,827,571</b>	<b>\$ 552,664</b>	<b>\$ 181,282</b>	<b>\$ 5,561,517</b>	<b>\$ 458,787</b>	<b>\$ 58,969</b>	<b>\$ -</b>	<b>\$ 517,756</b>	<b>\$ 6,079,273</b>	<b>\$ (53,711)</b>	<b>\$ 6,025,562</b>	<b>\$ 5,435,800</b>

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

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

	Broome County Council of Churches, Inc.	Northside Grocery, Inc.	2022 Combined Total	2021 Combined Total
Cash flows from operating activities:				
Change in net assets	\$ (129,468)	\$ (225,828)	\$ (355,296)	\$ 765,011
Adjustments to reconcile change in net assets to net cash flows from operations:				
Depreciation	119,449	56,606	176,055	165,270
Unrealized (gain) loss on investments	143,183	-	143,183	(142,700)
Interest in perpetual trust	127,450	-	127,450	(122,129)
Changes in operating assets and liabilities:				
Grants and contracts receivable	3,000	(22,300)	(19,300)	(4,755)
Other receivable	(800)	-	(800)	-
Inventory	(73,834)	3,883	(69,951)	(3,025)
Prepaid expenses	7,817	(3,456)	4,361	(20,176)
Retainers	-	-	-	(5,000)
Due to/from account	(134,957)	134,957	-	-
Accounts payable	874	37,253	38,127	58,661
Accrued expenses	9,175	3,606	12,781	4,452
Accrued compensated absences	29,882	-	29,882	1,347
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Net cash from operating activities	101,771	(15,279)	86,492	696,956
Cash flows from investing activities:				
Purchases of property and equipment	(8,920)	(6,122)	(15,042)	(490,543)
Proceeds from sale of investments	25,000	-	25,000	-
Purchase of investments	(40,519)	-	(40,519)	(30,833)
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Net cash from investing activities	(24,439)	(6,122)	(30,561)	(521,376)
Cash flows from financing activities:				
Proceeds from PPP loan	-	-	-	(163,747)
Payments on long-term debt	(21,216)	-	(21,216)	(16,910)
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Net cash from financing activities	(21,216)	-	(21,216)	(180,657)
Change in cash and cash equivalents	56,116	(21,401)	34,715	(5,077)
Cash at the beginning of year	436,132	103,587	539,719	544,796
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Cash at the end of year	\$ 492,248	\$ 82,186	\$ 574,434	\$ 539,719
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<b>Supplemental Disclosure of Cash Flow Information:</b>				
Cash paid during the year for:				
Interest	\$ 2,718	\$ -	\$ 2,718	\$ 3,318
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The accompanying notes are an integral part of these combined financial statements

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 1: ORGANIZATION AND PURPOSE**

The Broome County Council of Churches, Inc. (the Council) is an Ecumenical Christian Ministries Organization sponsored by Protestant, Anglican, Roman Catholic and Orthodox Churches in Broome County, New York. The Council also works closely on an interfaith basis with other religions. The services provided are considered to be those which are vital to local congregations that would be difficult for member churches to offer alone. A brief description of these services is as follows:

Community Hunger Outreach Warehouse “CHOW®” - Feeds the hungry of Broome County through its network of over 100 partner emergency food programs. CHOW® distributes over two million pounds of food each year through food recovery, donations, gleaning and purchases. The CHOW® Works program teaches skills year-round to the unemployed population of Broome County with the aim of finding them employment above the poverty line. The Dining on a Dime program teaches low-income families how to cook healthy meals and make healthy decisions at the grocery store.

Jail Ministry - The Jail Ministry offers pastoral care and support to those affected by the criminal justice system as well as correctional staff. The Coordinating Chaplain, with an interfaith team of chaplains, social workers, and trained volunteers, provides religious, recovery, literacy, life skills, visitation, and discharge services for the 4,000 inmates who pass through the doors of the Broome County Sheriff's Correctional Facility in Binghamton, NY. While partnering with area congregations, the program provides support for the returning citizens re-entering the community.

Hospital Ministry - Visits with patients, patient families, and staff on hospitals as they go through various medical and associated crises. Oftentimes reaching nonparticipating people of faith groups and people from churches that currently do not have a spiritual leader.

Faith in Action Volunteers - Provides a network of volunteers to assist older adults and help maintain their quality of life and remain independent. In-home assistance includes transportation to medical appointments and grocery shopping, friendly visits, and light housekeeping. Inclusive social programming consists of Senior Living Ministry in area nursing homes, the Ramp It Up Youth Initiative which builds wheelchair ramps, and Chop & Chat which offers programming to fight isolation and encourage healthy lifestyles.

Other Activities - These include community affairs involvement including the “Encounter” radio and TV program, interaction activities with other Christians, miscellaneous volunteer activities, and interfaith activities.

Northside Grocery, Inc. (the Organization) was formed in 2019. The Organization’s purpose is to provide access to affordable food options in low-income areas through the operation of a standalone grocery store as well as through the operation of a mobile grocery bus. Operations did not begin until 2021.

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Combination

The accompanying combined financial statements include all accounts and activities of the Council and the Organization. All significant intercompany transactions have been eliminated upon combination.

Basis of Presentation

The accompanying combined financial statements of the Council and the Organization have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP) and with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Based on the existence or absence of donor-imposed restrictions, the Council and the Organization classify resources into two categories: without donor restrictions and with donor restrictions.

***Net assets without donor restrictions*** – Net assets that are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenses are reported as decreases in net assets without donor restrictions.

***Net assets with donor restrictions*** – Net assets that are subject to donor-imposed restrictions that will be met either by actions of the Council and the Organization or the passage of time. Generally, the donors' -imposed restrictions of these assets permit the Council and the Organization to use all, or part of the income earned on related investments only for certain general or specific purposes. Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the combined statement of activities. Contributions, including unconditional promises to give, are recognized as revenue in the period received.

Contributions which impose restrictions that are met in the same fiscal year they are received are reported as increases in net assets without donor restrictions. Operating results (change in net assets without donor restrictions from operating activity) in the combined statement of activities reflect all transactions that change net assets without donor restrictions.

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 and disclosures in the combined financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

For the purpose of the combined statement of cash flows, the Council and the Organization consider all short-term investments with an original maturity of three months or less to be cash equivalents.

Inventory

Inventory is valued at the lower of cost or net realizable value. Cost is determined using an approximate national average wholesale value per pound of donated product, which was determined to be \$1.70 during the year ended June 30, 2022.

Investments

Investments in marketable equity, fixed income, and certain other securities are valued at their fair value in the accompanying combined statement of financial position. Net appreciation or decline in the fair value of the investments, which consists of realized and unrealized gains and/or losses, is reported in the accompanying combined statement of activities.

Risks and Uncertainties

The Council invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect amounts reported in the consolidating statement of financial position.

Property, Equipment, and Depreciation

Property and equipment are recorded at cost and depreciated under the straight-line method. Under the straight-line method of depreciation, assets are depreciated over their estimated useful service life. The Council and the Organization depreciates all property and equipment with a cost of \$2,500 or more and a useful life of at least 5 years.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the combined statement of functional expenses. The combined statement of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional services, office expenses, insurance and other, which are allocated primarily using estimates made by management based on time and efforts.

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property, Equipment, and Depreciation (Continued)

The estimated useful lives being used for the Council and the Organization's depreciation are as follows:

<u>Description</u>	<u>Useful lives</u>
Vehicles	5 years
Furniture, fixtures, and equipment	5 - 7 years
Leasehold improvements	40 years

Property and equipment shown on the accompanying combined statement of financial position as of June 30, 2022 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Buildings and improvements	\$ 1,976,690	\$ (856,350)	\$ 1,120,340
Equipment	592,506	(369,471)	223,035
Furniture and fixtures	147,972	(129,556)	18,416
Vehicles	475,117	(345,094)	130,023
Land	50,185	-	50,185
 Total property and equipment	 <u>\$ 3,242,470</u>	 <u>\$(1,700,471)</u>	 <u>\$ 1,541,999</u>

The depreciation expense for Broome County Council of Churches, Inc. and Northside Grocery, Inc. was \$119,449 and \$56,606, respectively, for the year ended June 30, 2022.

Income Taxes

The Council and the Organization are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Council and the Organization are not liable for Federal or New York State corporate income taxes or for Federal unemployment insurance.

Advertising Costs

The Council expenses all advertising costs as they are incurred. Advertising expense for Broome County Council of Churches, Inc. and Northside Grocery, Inc. the year ended June 30, 2022 was \$13,427 and \$8,217, respectively.

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition

The Council and Organization recognize revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Council and Organization expect to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Council and Organization combine it with other performance obligations until a distinct bundle of goods or services exists. Performance obligations are satisfied over time and the related revenue is recognized as services are rendered or products are delivered. The Council and Organization's management expect that the period between the transfer of goods and services to their customers and when the customers pay for those goods and services will be one year or less. Therefore, the Council and Organization have elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component. The Council does not ordinarily conduct reciprocal, exchange-type transactions and the Organization usually transfers goods by means of over-the-counter grocery sales which occur at a point in time and are immediately recognized as revenue.

Donated Goods and Services

The Council reports the fair value of gifts of donated food and grocery products over which it has control (i.e., variance power) as unrestricted public support and, shortly thereafter, as expense when distributed. During the year ended June 30, 2022, the Council distributed approximately 2,242,225 lbs. of donated product received from donors. The approximate average wholesale value of one pound of donated product at the national level, which was determined to be \$1.70 during the year ended June 30, 2022. Based on this method of measuring fair value for these donated food products, the Council recorded \$3,811,782 in related revenue in the combined statement of activities for the year ended June 30, 2022. It is the Council's policy to utilize these food donations for the CHOW program in Broome County, NY and they are classified as net assets with donor restrictions until distributed. Periodically, individuals and organizations have made in-kind donations or volunteered their services to the Council. For those services that do not require special expertise, the estimated value of such donated services has not been recorded in the combined financial statements. No amount for such services were recorded in the combined statement of activities for the year ended June 30, 2022.

Accrued Compensated Absences

The Council accrued a liability for future paid time off attributable to employee services already rendered. The obligation relates to rights that are accumulated or vested; payment of compensation is probable and can be reasonably estimated. At June 30, 2022 the liability amounted to \$132,158 and has been included in current liabilities in the accompanying combined statement of financial position.

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions, Grants and All Other Public Support Revenue

Contributions are recognized when the donor makes a promise to give to the Council or Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires or is otherwise satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Council deems food supplies on hand at year-end to be restricted and are intended to be utilized by the CHOW Program in the following year. Contributions and grants are considered available for use without restrictions unless the donors restrict the use thereof. It should be noted that any grant revenues that are not expended in accordance with the grantor's approved budget may be disallowed, and repayment may be required.

Subsequent Events

Management has evaluated events and transactions that occurred between June 30, 2022 and May 15, 2023, which is the date the combined financial statements were available to be issued, for matters that would require disclosure and or recognition in these combined financial statements. No events or transactions that would require disclosure or recognition in these combined financial statements were noted during management's evaluation of subsequent events.

**NOTE 3: FAIR VALUE MEASUREMENT**

The Council's financial instruments consist principally of cash and cash equivalents, and marketable securities. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. All financial assets and liabilities, measured at fair value, are classified based on a hierarchy defined by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures*. The hierarchy ranks financial assets and liabilities based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

**Level 1** - Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access. All the Council's investments are level 1.

**Level 2** - Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.



BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 3: FAIR VALUE MEASUREMENT (Continued)**

**Level 3** - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy may be based on the lowest level of input that is significant to the fair value measurement. The Council's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment.

The following are the classes of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2022, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3). There were no liabilities that fell under this measurement hierarchy for the year ended June 30, 2022.

Asset category	Level 1	Level 2	Level 3	Total
Investments	\$ 635,722	\$ -	\$ -	\$ 635,722
Perpetual trust	<u>-</u>	<u>-</u>	<u>562,976</u>	<u>562,976</u>
	<u>\$ 635,722</u>	<u>\$ -</u>	<u>\$ 562,976</u>	<u>\$ 1,198,698</u>

Reconciliation of fair value measurements using Level 3 inputs as of June 30, 2022 is as follows:

	<b>Unrealized Income</b>			
	<b>Included</b>			
	<b>Balance as of</b>	<b>in Change</b>	<b>Purchases</b>	<b>Balance at</b>
	<b>July 01, 2021</b>	<b>in Net Assets</b>	<b>and Sales</b>	<b>June 30, 2022</b>
Perpetual trust	<u>\$ 690,426</u>	<u>\$ (127,450)</u>	<u>\$ -</u>	<u>\$ 562,976</u>

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 4: BENEFICIAL INTEREST IN PERPETUAL TRUST**

The Council began receiving investment income distributions in 2002 based on a 10% interest in a charitable remainder unitrust established under the will of a donor. A total of \$35,400 was received relative to investment assets of \$562,976 at June 30, 2022. An unrealized loss in the net asset with donor restrictions group has been recorded at \$127,450 based on an estimate of the fair market value. Investment receipts are unrestricted. Funds invested in such a trust are held in perpetuity at a third-party trustee and are not accessible. The Council adjusted its method of valuing the fair market value from the estimated present value of future cash flows based on 4% distribution assumption to the actual percentage interest of the distribution's times fair market value of the trust. The Council feels that this is a more stable and accurate representation of its interest in the perpetual trust.

**NOTE 5: INVESTMENTS**

Investments at June 30, 2022 are comprised of:

	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Gain</b>
Mutual Funds	<u>\$ 515,687</u>	<u>\$ 635,722</u>	<u>\$ 120,035</u>

Total investment return shown net of investment fees from the Council for the years ended June 30, 2022 was \$(194,268). This amount is shown on the combined statement of activities and consist of the following:

Interest and dividends	\$ 40,520	
Unrealized loss on investments	<u>(143,183)</u>	(102,663)
Distributions from trust	35,400	
Unrealized loss on trust	<u>(127,450)</u>	(92,050)
Interest from savings	<u>445</u>	
Total investment return, net	<u>\$ (194,268)</u>	

**NOTE 6: BOARD DESIGNATED NET ASSETS**

Board designated net assets include investment funds that have been designated for a specific purpose and property and equipment. Funds designated by the board amounted to \$288,617 and net property and equipment amounted to \$1,541,999 at June 30, 2022.

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30, 2022 are available for the following purposes or periods:

Amounts restricted by time or purpose

Broome County Council of Churches, Inc.

Refrigerated truck (CHOW)                   \$ 143,820

Inventory (CHOW)                               336,066

Northside Grocery, Inc.

Utilities   12,500

Time restricted                                 7,500

Amounts with perpetual donor restrictions

Broome County Council of Churches, Inc.

General endowment                           347,105

Beneficiary interest in trust               562,976

\$ 1,409,967

**NOTE 8: NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, the passage of time, or by occurrence of other events specified by donors as follows:

Broome County Council of Churches, Inc.

Purpose restrictions accomplished

CHOW   \$ 478,407

Northside Grocery, Inc.

Purpose restrictions accomplished

Grocery   \$ 264,700

**NOTE 9: LINE OF CREDIT**

The Council maintains a \$450,000 line of credit with a local bank, which it uses to support its cash flow periodically. The secured line carried an interest rate of 4.25% as of June 30, 2022, at which time, the Council had no outstanding balance.

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 10: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure within one year of June 30, 2022 are as follows:

Total assets	\$ 4,002,908
Less:	
Donor-restricted cash	143,820
Donor-restricted receivables	20,000
Donor-restricted inventory	336,066
Donor-restricted investments	347,105
Donor-restricted beneficial interest in perpetual trust	562,976
Board designated purchases of property and equipment	1,541,999
Board designated investments	<u>288,617</u>
Financial assets available within one year	<u><u>\$ 762,325</u></u>

**NOTE 11: CONCENTRATIONS**

Concentration of Credit Risk

The Council maintains cash balances at a high credit quality local banking institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. During the fiscal year, the Council maintained balances in excess of this amount which were not covered by the FDIC.

Geographic Concentration

The Council and the Organization are located in Broome County, New York, and are primarily dependent on the charitable giving of the local community. This region has been subject to economic challenges, negatively affecting the ability to raise charitable funds. Organizations concentrated in such a geographic area face greater challenges than those having more diversity in support.

**NOTE 12: RETIREMENT PLAN**

The Council has established a Simplified Employee Pension – Individual Retirement Plan for the benefit of all employees who meet eligibility requirements. The plan provides for the Council to make contributions to the plan based on a 3% match of gross wages for all eligible employees who have completed at least one year of service. Contributions made to the plan on behalf of employees during the year ended June 30, 2022 were approximately \$36,697.

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 13: DEBT OBLIGATIONS**

The following is a summary of notes payable as of June 30, 2022:

Note payable to Isuzu Finance of America, Inc. dated December 18, 2018 in the amount of \$95,136 with monthly payments of \$1,839 including interest at 5.99%. Secured by equipment. Scheduled to mature December 2023	\$ 29,898
Less: current portion	<u>(20,832)</u>
Notes payable, long-term portion	<u>\$ 9,066</u>

The following are maturities of notes payable for each of the next two years:

June 30, 2023	\$ 20,832
2024	<u>9,066</u>
	<u>\$ 29,898</u>

**NOTE 14: LEASING ARRANGEMENTS**

Northside Grocery Inc.'s store is located on property that is leased under a five-year lease agreement expiring December, 2025. There is an option to renew the lease for an additional five years at an increased monthly rental rate.

The following is a schedule of future minimum lease payments required under the above operating lease for the years ended:

June 30, 2023	\$ 41,892
2024	42,730
2025	<u>43,584</u>
	<u>\$ 128,206</u>

Rent expense for the year ended June 30, 2022 amounted to \$41,206 and was not offset by any sublease income.

BROOME COUNTY COUNCIL OF CHURCHES, INC.  
AND NORTHSIDE GROCERY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 15: NEW YORK PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT**

On September 17, 2010, New York State adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA), a form of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Council believes that it is subject to NYPMIFA's spending and investments policies, similar to other not-for-profit entities in New York State.