New Bedford Light, Inc.

Financial Statements

Year Ended December 31, 2022

Contents

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Independent Auditors' Report

To the Board of Directors
of New Bedford Light, Inc.

Opinion

We have audited the accompanying financial statements of New Bedford Light, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Bedford Light, Inc. as of December 31, 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.

Basis for Opinion

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Bedford Light, 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, including omissions, 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 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 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 New Bedford Light, 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 New Bedford Light, 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.

King McNamara Moriarty LLP

November 8, 2023

New Bedford Light, Inc.

Statement of Financial Position
December 31, 2022

Assets	
Current assets	
Cash	$ 833,657
Grants receivable	242,000
Investments	198,043
Deposit	1,000
Total current assets	1,274,700
Equipment and leasehold improvements, net of accumulated depreciation	18,314
Operating lease right-of-use asset	8,982
Total assets	$ 1,301,996
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	$ 39,501
Operating lease liability	7,982
Total current liabilities	47,483
Total liabilities	47,483
Net assets	
Without donor restrictions	955,583
With donor restrictions	298,930
Total net assets	1,254,513
Total liabilities and net assets	$ 1,301,996

See Notes to Financial Statements.

New Bedford Light, Inc.

Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions	$ 1,015,571	$ 403,812	$ 1,419,383
Contributions of nonfinancial assets	113,500	-	113,500
Special event	28,809	-	28,809
Interest income	1,116	-	1,116
Gains on investments	1,105	-	1,105
Net assets released from restrictions	291,882	(291,882)	-
Total revenues and support	1,451,983	111,930	1,563,913
Expenses			
Program services	762,474	-	762,474
Management and general	371,370	-	371,370
Total expenses	1,133,844	-	1,133,844
Change in net assets	318,139	111,930	430,069
Net assets, beginning of year	637,444	187,000	824,444
Net assets, end of year	$ 955,583	$ 298,930	$ 1,254,513

New Bedford Light, Inc.

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	Management and General	Total
Salaries and wages	$ 441,514	$ 140,043	$ 581,557
Contract labor	212,943	111,215	324,158
Payroll taxes	38,428	9,255	47,683
Information technology	25,200	13,291	38,491
Office expenses	5,311	24,754	30,065
Employee benefits	18,435	5,962	24,397
Advertising and marketing	-	24,279	24,279
Depreciation	11,599	4,971	16,570
Professional services	-	14,780	14,780
Travel, meals, and entertainment	-	13,947	13,947
Occupancy	9,044	3,876	12,920
Insurance	-	4,997	4,997
Total expenses	$ 762,474	$ 371,370	$ 1,133,844

New Bedford Light, Inc.

Statement of Cash Flows
Year Ended December 31, 2022

Cash flows from operating activities		
Change in net assets	$	430,069
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions of investments		(4,803)
Interest income reinvested		(282)
Gains on investments		(1,105)
Depreciation		16,570
Operating lease expense		10,895
(Increase) decrease in:		
Grants receivable		(55,000)
Increase (decrease) in:		
Accounts payable and accrued expenses		(30,712)
Operating lease liability		(11,895)
Net cash provided by operating activities		353,737
Cash flows from investing activities		
Purchases of investments		(296,642)
Proceeds from sales of investments		104,789
Purchases of equipment and leasehold improvements		(3,747)
Net cash used in investing activities		(195,600)
Increase in cash		158,137
Cash, beginning of year		675,520
Cash, end of year	$	833,657
Supplemental disclosure of noncash activities:		
Right-of-use asset obtained in exchange for operating lease liability	$	19,877

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations: New Bedford Light, Inc. (the "Organization") was organized in Massachusetts in October 2020 and is a free, nonprofit, nonpartisan digital news outlet dedicated to community-based coverage of important local issues – health and safety, education, environment, economy, arts and culture, government and politics, and social justice. The Organization seeks to inform and nourish the civic culture of New Bedford and surrounding towns by providing in-depth, fact-based journalism and a broad platform for diverse community voices. It is supported by contributions.

Basis of accounting: The Organization's policy is to prepare its financial statements under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Grants receivable: Grants receivable are unconditional promises to give and are initially recorded at the fair value of the cash expected to be received. An allowance for uncollectible receivables is recorded if (a) it is probable the Organization will be unable to collect all of the amounts promised and (b) the amount of the loss can be reasonably estimated. Management has determined that an allowance for uncollectible promises was not necessary at December 31, 2022.

Investments: The Organization reports investments in equity and debt securities with readily determinable fair values at their fair values in the statement of financial position. Donated investments are recorded as contributions at their fair values at the date of donation. Gains on investments and interest and dividend income are included in revenues and support without donor restrictions in the accompanying statement of activities.

Fair value measurements: The Organization discloses the fair value of investments in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*. The framework under ASC 820 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Fair value measurements (continued): Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022.

> *Equity and debt securities* – Listed equity and debt securities are valued at quoted prices from active markets and are classified as Level 1.

The preceding methodologies described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different value measurement at the reporting date.

Risks and uncertainties: The Organization maintains investments in equity and debt securities, which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of these investments will occur in the near term.

Equipment and leasehold improvements: Items capitalized as equipment and leasehold improvements are stated at cost, if purchased, or fair value, if donated. Additions are capitalized if the cost, if purchased, or fair value, if donated, exceeds $1,000. Maintenance and routine repairs are charged to operations when incurred while betterments and renewals which exceed $1,000 are capitalized. Depreciation is computed using the straight-line method, calculated to amortize the cost of the assets over their estimated useful lives. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining lease term. Upon disposal of depreciable property, the appropriate equipment and leasehold improvements accounts are reduced by the related cost and accumulated depreciation. The resulting gains or losses are reflected in the statement of activities.

Financial statement presentation: Net assets and revenues and support are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as:

> Without donor restrictions – Those resources not subject to donor-imposed restrictions. The Board of Directors has discretionary control over these resources.
>
> With donor restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of the Organization or by the passage of time.

Contributions: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Donor-restricted contributions 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.

Contributions of nonfinancial assets are measured at fair value and include services and materials. Donated services are recognized in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated.

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Allocation of expenses: Directly identifiable expenses are charged to program services and supporting services (management and general), while other expenses are allocated based on management's estimates of the percentage attributable to the program services and supporting services benefited. The expenses that are allocated are contract labor, which is allocated on the basis of estimates of time and effort, and depreciation and occupancy, which are allocated on a square footage basis.

Advertising: Advertising costs are expensed as incurred. During 2022, advertising and marketing expense was $24,279.

Income taxes: The Organization is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes except for net revenue derived from any unrelated business activities. Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Organization's income tax returns are subject to examination by taxing authorities generally for three years after the date on which those returns are filed. The Organization recognizes interest and penalties, if any, related to income tax liabilities as income tax expense in the statement of activities.

New accounting standards: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued additional ASUs, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization elected to adopt these ASUs effective January 1, 2022, and elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. The operating lease ROU asset and operating lease liability were recognized based on the present value of the future minimum lease payments over the remaining lease term at January 1, 2022. The Organization has elected to use a risk-free rate of return as the discount rate for each lease. Lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. Adoption of the standard required the Organization to restate amounts as of January 1, 2022, resulting in an increase in operating lease ROU asset of $19,877 and an increase in operating lease liability of $19,877. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less.

Note 2. Concentrations of Credit Risk

The Organization maintains its cash balances with three financial institutions. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 or the Depositors Insurance Fund (DIF). At December 31, 2022, the Organization had no uninsured cash.

Grants receivable from three organizations accounted for 86% of grants receivable as of December 31, 2022.

Note 3. Investments

Investments consist of United States Treasury Bills maturing in 2023, are stated at fair value based on quoted prices from active markets (all Level 1 measurements), and are summarized as follows at December 31, 2022:

Cost	Fair Value	Unrealized Appreciation
$ 196,924	$ 198,043	$ 1,119

Note 4. Fair Value Measurements

Fair values of assets measured at December 31, 2022, on a recurring basis are as follows:

		Fair Value Measurements at the End of the Reporting Period Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
United States Treasury Bills	$ 198,043	$ 198,043	$ -	$ -
Total	$ -	$ -	$ -	$ -

Note 5. Equipment and Leasehold Improvements, Net

Equipment and leasehold improvements, net consists of the following as of December 31, 2022:

Leasehold improvements	$ 28,170
Computers	6,721
Equipment	5,244
	40,135
Less accumulated depreciation	21,821
	$ 18,314

Depreciation expense was $16,570 in 2022.

Note 6. Operating Lease

The Organization leases office space under an operating lease that includes an option for a one-year renewal through August 31, 2023. The option to renew the lease was recognized as part of the ROU asset and lease liability because the Organization exercised it. Rent is $1,000 per month.

As of December 31, 2022, the ROU asset had a balance of $8,982, as shown in noncurrent assets on the statement of financial position, and the lease liability had a balance of $7,982, as shown in current liabilities. The lease asset and liability were calculated utilizing a risk-free rate of return as the discount rate for the lease based on the information available at the date of adoption, according to the Organization's elected policy, because the Organization's lease does not provide an implicit rate.

Note 6. Operating Lease (Continued)

Additional information about the Organization's lease is as follows for the year ended December 31, 2022:

Lease costs		
Operating lease costs - fixed, included in general and administrative expenses	$	12,000
Total lease costs	$	12,000
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	12,000
ROU assets obtained in exchange for lease liabilities:		
Operating leases	$	19,877
Weighted-average remaining lease term in years for operating leases		0.67
Weighted average discount rate for operating leases		0.78%

Maturities of operating lease liabilities as of December 31, 2022, are as follows:

Year ending December 31:		
2023	$	8,000
Total undiscounted cash flows		8,000
Less present value discount		18
Present value of lease liabilities	$	7,982

Note 7. Net Assets with Donor Restrictions

At December 31, 2022, $94,000 is restricted for future periods and $204,930 is restricted for salaries and wages and certain related benefits.

Note 8. Significant Donors

A donor is considered significant if the revenue and support recognized from the donor exceeds 10% of total revenues and support reflected on the statement of activities. During 2022, 48% of total revenues and support was derived from three donors.

Note 9. Contributions of Nonfinancial Assets

The Organization received contributed services and materials during 2022 with a fair value on the dates of donation of $105,500 and $8,000, respectively, which is what the Organization would have paid for such services and materials. These amounts are reflected as contributions of nonfinancial assets in the statement of activities. The services are also reflected in contract labor in the statement of functional expenses, and the materials are reflected in travel, meals, and entertainment.

Note 10. Related Party Transactions

In 2022, the Organization recognized revenue and related expense of $96,000 for contributed services received from an officer and director of the Organization. See Note 9.

Note 11. Defined Contribution Pension Plan

The Organization has adopted a defined contribution pension plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering substantially all employees with at least one month of service. The Organization matches 100% of a participant's elective contributions up to 1% of the participant's compensation. Total expense for 2022 was $3,408 and is included in employee benefits in the statement of functional expenses. The Organization may make discretionary nonelective contributions to the plan. No such contributions were made for 2022.

Note 12. Liquidity and Availability of Financial Assets

The Organization has $1,274,700 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of $833,657, grants receivable of $242,000, investments of $198,043, and a deposit of $1,000. The Organization has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2022, because the restrictions on the net assets are expected to be met by conducting the normal activities in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. As part of its liquidity management, the Organization invests cash in excess of daily requirements in United States Treasury Bills.

Note 13. Subsequent Events

Management has evaluated subsequent events through November 8, 2023, the date the Organization's financial statements were available to be issued.