RESOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC.

Financial Statements
(With Independent Auditors' Report)

December 31, 2020 and 2019

RESOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC.
December 31, 2020 and 2019

Table of Contents

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
ReSOURCE: A Nonprofit Community Enterprise, Inc.
Williston, Vermont

Opinion

We have audited the accompanying financial statements of ReSOURCE: A Nonprofit Community Enterprise, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2020, 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 the Organization as of December 31, 2020, 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 the Organization 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 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 financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

We did not audit the financial statements of Population Institute, Inc. ("PI"), an entity under common control, which statements reflect total assets of approximately $6,029,000 as of December 31, 2020, and total revenues of approximately $1,396,000 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for PI, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated September 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

McSoley McCoy & Co.

South Burlington, Vermont
September 30, 2021
VT Reg. No. 92-349

RESOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC.

Statements of Financial Position

December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash	$ 722,567	$ 515,541
Accounts receivable, net of allowance	137,948	119,887
Grants receivable	108,509	195,891
Pledges receivable, net of allowance	33,100	146,486
Inventory	173,073	184,227
Prepaid expenses	35,573	32,056
Total current assets	1,210,770	1,194,088
Property and equipment:		
Land	924,592	84,592
Machinery and equipment	355,811	315,618
Leasehold improvements	280,022	270,639
Vehicles	374,799	365,093
Buildings and building renovations	7,237,978	1,771,730
Website	14,000	14,000
	9,187,202	2,821,672
Less accumulated depreciation and amortization	(1,295,257)	(1,014,934)
Total property and equipment	7,891,945	1,806,738
Other assets:		
Pledges receivable, net of allowance	49,600	68,100
Security deposits	12,620	43,349
Total other assets	62,220	111,449
Total assets	$ 9,164,935	$ 3,112,275
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 96,236	$ 75,994
Current portion of long-term debt	340,467	133,310
Line of credit	-	160,000
Deferred revenue	-	10,000
Accrued wages and other payroll liabilities	119,913	205,828
Other accrued liabilities	20,840	18,331
Total current liabilities	577,456	603,463
Long-term debt, net of current portion	6,501,505	717,782
Total liabilities	7,078,961	1,321,245
Net assets:		
Without donor restrictions	2,005,005	1,236,987
With donor restrictions	80,969	554,043
Total net assets	2,085,974	1,791,030
Total liabilities and net assets	$ 9,164,935	$ 3,112,275

See accompanying notes to the financial statements.

RESOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC.

Statement of Activities

For the Year Ended December 31, 2020

(With Summarized Comparative Totals for the Year Ended December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Sales				
Sales, net of returns and allowances	$ 1,847,798	$ -	$ 1,847,798	$ 2,039,397
Less cost of goods sold	(750,620)	-	(750,620)	(855,507)
Less parts, fuel, and disposal	(129,331)	-	(129,331)	(160,960)
Total net sales	967,847	-	967,847	1,022,930
Operating Revenue				
Contributions	171,792	459,025	630,817	1,029,514
Donated goods	742,692	-	742,692	867,632
Donated facilities and services	25,000	-	25,000	25,050
Grants	1,454,580	-	1,454,580	797,785
Training fees	557,023	-	557,023	643,154
Rent income	120,670	-	120,670	6,600
Miscellaneous income	105,901	-	105,901	120,745
Net assets released from restrictions	932,099	(932,099)	-	-
Subtotal - support and revenue	4,109,757	(473,074)	3,636,683	3,490,480
Total sales and operating revenue	5,077,604	(473,074)	4,604,530	4,513,410
Expenses				
Program services	3,415,521	-	3,415,521	3,405,695
Support expenses:				
General and administrative expenses	640,366	-	640,366	727,685
Development	253,699	-	253,699	261,876
Total support expense	894,066	-	894,066	989,561
Total expenses	4,309,586	-	4,309,586	4,395,256
Total change in net assets	768,018	(473,074)	294,944	118,154
Net assets, beginning of year	1,236,987	554,043	1,791,030	1,672,876
Net assets, end of year	$ 2,005,005	$ 80,969	$ 2,085,974	$ 1,791,030

See accompanying notes to the financial statements.

RESOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2020

(With Summarized Comparative Totals for the Year Ended December 31, 2019)

	Program Services	General and Administrative	Development	Total 2020	Total 2019
Salaries	$ 2,055,307	$ 216,477	$ 151,937	$ 2,423,721	$ 2,469,788
Payroll taxes	167,577	97,461	9,709	274,747	216,332
Employee benefits	199,462	34,456	12,931	246,849	189,839
Subtotal - personnel costs	2,422,346	348,394	174,577	2,945,317	2,875,959
Occupancy	235,406	14,762	5,588	255,756	669,621
Professional services	41,071	34,482	2,340	77,893	139,096
Supplies and services	186,417	16,150	2,739	205,306	172,457
Depreciation and amortization	130,902	149,154	290	280,346	152,376
Essential goods program	31,448	-	-	31,448	52,249
Trainee stipends and support	77,296	-	-	77,296	84,707
Insurance	62,792	3,195	3,796	69,783	51,852
Vehicle expense	44,099	1,474	-	45,573	43,981
Property taxes	5,935	36,356	457	42,747	-
Advertising and printing	2,820	3,396	22,587	28,803	30,795
Other expenses	4,678	6,655	1,135	12,468	25,978
Interest	134,765	22,326	39,379	196,470	31,028
Office expense	23,132	1,501	811	25,444	28,473
Staff education and training	7,833	2,133	-	9,966	25,507
Travel	4,581	388	-	4,969	11,177
Subtotal - other expenses	993,175	291,972	79,122	1,364,268	1,519,297
Total expenses	$ 3,415,521	$ 640,366	$ 253,699	$ 4,309,585	$ 4,395,256

See accompanying notes to the financial statements.

RESOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC.

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Change in net assets	$ 294,944	$ 118,154
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	280,346	152,376
Other noncash change	6,655	-
Change in the allowances	11,316	(3,293)
PPP loan forgiveness	(538,100)	-
(Increase) decrease in :		
Accounts receivable	(16,863)	(27,778)
Grants receivable	82,783	(66,108)
Pledges receivable	123,971	23,250
Inventory	11,154	(22,995)
Prepaid expenses	(3,517)	(7,445)
Security deposits	30,729	-
Increase (decrease) in:		
Accounts payable	20,242	19,188
Deferred revenue	(10,000)	(23,159)
Accrued wages and other payroll liabilities	(85,915)	(6,947)
Other accrued liabilities	2,509	(42,631)
Total adjustments	(84,690)	(5,542)
Net cash provided by operating activities	210,254	112,612
Cash Flows from Investing Activities:		
Purchases of property and equipment	(6,380,641)	(54,089)
Cash Flows from Financing Activities:		
Borrowings on line of credit	-	160,000
Payments on line of credit	(160,000)	-
Borrowings on long-term debt	6,974,888	28,638
Payments on long-term debt	(437,475)	(77,009)
Net cash provided by financing activities	6,377,413	111,629
Increase in cash	207,026	170,152
Beginning cash	515,541	345,389
Ending cash	$ 722,567	$ 515,541

See accompanying notes to the financial statements.

(1) Summary of Operations and Significant Accounting Policies

(a) Operations

ReSOURCE: A Nonprofit Community Enterprise, Inc. (the "Organization") is a private, nonprofit corporation dedicated to conservation, job skills training and poverty relief. The Organization integrates conservation and training by collecting used appliances and other household items which are refurbished and offered for sale and given away to homeless and disadvantaged individuals. The Organization also incorporates salvage and reuse of building materials into each of its reuse stores. Training programs are offered in office administration, retail sales, appliance and computer systems repair, and construction/carpentry. The Organization has operations in Burlington, Williston, Hyde Park, and Barre, Vermont. Sources of revenue includes sales, federal, state and foundation grants, services, and individual contributions.

(b) Programs and Activities

The Organization's mission is to empower individuals and strengthen Vermont communities through workforce development, poverty relief, and environmental stewardship. The Organization is dedicated to extending its impact, changing more lives, providing relief, retraining, rebuilding, repairing, and restoring.

The significant programs of the Organization are as follows:

- Four household goods and building material stores accept donated items that are refurbished and repaired and then sold or given away. More than a half million items including major appliances, computers, electronics, furniture, household goods, lumber, doors, windows, and other building materials are kept out of the landfill and made available for reuse.

- The Organization trains 300 individuals annually through eight distinct training programs. These include workforce development programs that lead directly to employment (Apprentice-Style Training, Career Path, SEO, YouthBuild, Construction Intensive) and Work Experience Training (Career Start, LEAP, ReachUp). Participants are trained for occupations in construction, weatherization, appliance repair, computer repair, networking, and retail sales. Each training program offers a unique combination of hands-on experiential and classroom-based learning. In addition to the personal and professional developmental curriculum used by all programs, YouthBuild also provides academic training that leads to a high school degree.

- Launched in 1998, Essential Goods Program (EGP) unites local and regional nonprofits and service providers to provide essential household items and building materials to those who most need them. The EGP allocates a requested donation amount to the partner organization, and these organizations then issue vouchers to their clients to "purchase" goods and services.

- The Organization operates a full-service appliance repair service in order to service the salvaged machines it sells, and to ensure that trainees in the appliance repair program develop the necessary skills to succeed as appliance technicians.

Summary of Operations and Significant Accounting Policies (continued)

- Other services operated by the Organization to promote its environmental mission and support its training include computer repair, pickup and delivery truck services at each location, and construction work, including affordable housing construction, weatherization and solar installation. Construction services are provided through the Organization's Barre and Burlington YouthBuild programs.

(c) Income Taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on income related to its exempt purpose as a public charity pursuant to Section 509(a)(1). In addition, contributions to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi). The Organization does not believe that there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. The Organization is no longer subject to federal and state income tax examinations by tax authorities for years before the tax year ended December 31, 2017.

(d) Basis of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting.

(e) Financial Statement Presentation

The Organization is required to report its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

(f) Contributions

The Organization reports contributions as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions.

Contributions of noncash assets are recorded at their fair values in the period received. Contributions of services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated investments are also reported at fair value at the date of receipt, which is then treated as cost. The Organization records an in-kind donation and related facility expense for the 339 Pine Street, Burlington property to approximate the fair value of the donated facility.

Effective January 1, 2020 the Organization adopted ASU 2018-08, Not-For-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU clarifies and improves the scope and accounting guidance for both contributions received and made to assist all entities in evaluating whether a transaction should be accounting for as a contribution or exchange transaction. This standard was adopted on the modified retrospective basis. Under the modified retrospective method of adoption, prior periods are not restated and the new

Summary of Operations and Significant Accounting Policies (continued)

guidance is applied prospectively to revenue transactions completed on or after January 1, 2020. Given the nature of the Organization's revenue transactions, the new guidance had an immaterial impact on the Organization's contribution revenue, results of operations and financial position for the year ended December 31, 2020. The Organization updated its revenue recognition policy to reflect the requirements of the new guidance. The aforementioned ASU also applies to the Organization's performance and other program service revenue. Such revenue is recognized when earned and adoption of the ASU had an immaterial impact on the performance and other program revenue, results of operations and financial position for the year ended December 31, 2020.

(g) Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor, or certain grantor, 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(h) Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

(i) Property and Equipment

Property and equipment are carried at cost when acquired by purchase, and at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Organization's policy is to capitalize all acquisitions over $1,500. Useful lives of the Organization's property and equipment range from 3 to 40 years.

(j) Inventory

The Organization's inventory consists of in-kind donations, including household goods, furniture, building materials, appliances, electronics and computers. Inventory also consists of some purchased goods related to solar hot water systems. Inventory is valued based on the nature of the item.

Summary of Operations and Significant Accounting Policies (continued)

All appliances and computers are valued at a pre-determined unit value. All other inventory items are valued at year end based on their average current year sales information.

(k) Cash and Cash Equivalents / Credit Risk

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Amounts on deposit are insured by the FDIC up to $250,000, per insured bank, per depositor. There were amounts on deposit in excess of the amount insured by the FDIC as of December 31, 2020 and 2019. The Organization has not experienced any losses with these accounts. Management believes the Organization is not exposed to any significant credit risk on cash.

(l) Advertising

Advertising costs are charged to expense when incurred. Advertising expense was $41,063 and $30,795 for the years ended December 31, 2020 and 2019, respectively.

(m) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(n) Sales Tax

The Organization collects sales tax. The amount received is credited to a liability account and as payments are made this account is charged. At any point in time, this account represents the amount owed to the taxing authority for amounts collected but not yet remitted.

(o) Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis as a separate statement in the financial statements. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs, development, and general and administrative departments of the Organization.

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. Expenses that are allocated on the basis of predetermined percentages include wages and benefits, insurance, interest, property taxes, and professional services.

(p) Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right of use (ROU) model that requires a lessee to

Summary of Operations and Significant Accounting Policies (continued)

recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months.

Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities.

The new standard is effective for the Organization on January 1, 2022, with early adoption permitted.

(q) Subsequent Events

The Organization has evaluated events through September 30, 2021, the date the financial statements were available to be issued.

(2) Accounts Receivable

Accounts receivable consist of the following at December 31:

	2020	2019
Accounts receivable	$ 144,506	$ 125,247
Less: allowance for doubtful accounts	(6,558)	(5,360)
	$ 137,948	$ 119,887

The allowance is based on experience and other circumstances that may affect the ability of clients to meet their obligations. The Organization charges off uncollectible accounts receivable when management deems the receivable will not be collected. Bad debt expense, net of recoveries was $(10,575) and $6,253 for 2020 and 2019, respectively.

(3) Grants Receivable

Grants receivable consist of the following at December 31:

	2020	2019
Grants receivable	$ 114,220	$ 206,201
Less: allowance for doubtful accounts	(5,711)	(10,310)
	$ 108,509	$ 195,891

The allowance is based on experience and other circumstances that may affect the ability of funders to meet their obligations. The Organization charges off uncollectible grants receivable when management deems the receivable will not be collected. Bad debt expense, net of recoveries was $(10,575) and $6,253 for 2020 and 2019, respectively.

(4) Pledges Receivable

Pledges receivable includes both unrestricted pledges and capital campaign pledges. Pledges receivable consist of the following as of December 31:

	2020	2019
Pledges receivable	$ 89,663	$ 229,464
Less allowance for doubtful accounts	(6,963)	(14,878)
Pledges receivable, net of allowance	$ 82,700	$ 214,586

Pledges receivable as of December 31, 2020 are expected to be collected as follows:

Receivable in less than one year	$ 40,063
Receivable in one to five years	49,600
	89,663
Less allowance for uncollectible pledges	(6,963)
Pledges receivable, net allowance	$ 82,700

(5) Inventory

Inventory consists of the following at December 31:

	2020	2019
Household goods	$ 112,050	$ 107,065
Building materials	41,585	44,423
Appliances	780	12,981
Computers, electronics	350	1,450
Solar systems	18,308	18,308
Total inventory	$ 173,073	$ 184,227

(6) Leases

The Organization has various operating leases for building space. Below are the significant operating leases in place during 2020 and 2019.

339 Pine Street Burlington: the Organization uses space at 339 Pine Street provided for free of charge by the City of Burlington for the Organization's reuse operations, South End Joinery woodworking training facility, and YouthBuild construction training programs. The Organization utilizes approximately 10,740 square feet of space, consisting of garage bays and a fenced in yard.

Leases (continued)

The Organization signed a three-year lease renewal in January 2014 which expired in 2017 and renewed for another three-year agreement, through 2020 with the same terms. In 2020 and 2019, ReSOURCE recorded an in-kind donation and related facility expense of $25,000 to approximate the fair value of the donated facility.

329 Harvest Lane: In 2018, the Organization entered into a 3 year lease agreement for this facility. The lease provided the Organization an option to purchase the property for $6,160,000 after the initial lease period. The Organization purchased the property on January 10, 2020. Rent expense for 2020 and 2019 totaled $0 and $467,660, respectively.

Williston Warehouse: The Organization signed a three-year lease for 6,000 square feet of warehouse space on Dorset Lane in Williston in June 2017. The Organization had previously used this warehouse for appliance repair and metal recycling but in June 2018 began using it for household goods and building material overflow storage. The Organization gave three month notice showing intent to vacate the property and end the lease in December 2017. The Organization has negotiated to continue renting a portion of the warehouse on a month-to-month basis of $1,200. Rent expense for 2020 and 2019 totaled $14,400 and $14,400, respectively.

Hyde Park: In December 2015, the Organization signed a 3 year lease for a facility near Hyde Park, Vermont, which expired at the end of 2018. The Organization renewed the lease during 2018, which expires December 31, 2021. Rent expense for this lease for the years ended December 31, 2020 and 2019 were $47,780 and $61,438, respectively.

Future minimum lease payments are as follows for the years ending December 31:

2021	$ 5,275
Total	$ 5,275

(7) Long-Term Debt

Long-term debt consists of the following at December 31:

	2020	2019
Mortgage loan at 2.75%, monthly payments of $23,436 due December 10, 2049, collateralized by property. See further information below.	$5,615,069	$ -
Mortgage loan at 0% interest, collateralized by real estate, principle deferred until property sold. See further information below.	294,820	294,820
Facility loan at 3.75% interest rate, monthly payments of $3,220, due October 2031, collateralized by inventory, equipment, and Barre property. See further information below.	343,178	368,433

Long-Term Debt (continued)

Fit-up loan at 8% interest, monthly payments of $15,668, due January 2023, uncollateralized.	280,258	-
Economic impact loan at 2.75%, monthly payments of $641 deferred until May 2022, uncollateralized.	152,543	-
Land loan, at 0% interest rate, located in Barre, VT. Payable in nine (9) annual installments of $5,000, uncollateralized.	25,000	30,000
Fit-up loan at 8% interest rate, monthly payments of $526, due May 2025, uncollateralized.	-	27,652
Vehicle loan at 2.5% interest rate, monthly payments of $394, due November 2023, collateralized by truck.	12,734	16,661
Program investment loan at 1% interest rate, monthly payments of $865, due December 2021, uncollateralized.	10,000	20,000
Vehicle loan at 2.835% interest rate, monthly payments $932, due July 2021, collateralized by a van.	6,461	17,297
Facility loan at 6.25% interest rate, monthly payments $1,250 due May 2024, collateralized by facilities.	46,531	57,820
Equipment loan at 4.5% interest rate, monthly payments $820, due October 2025, uncollateralized.	42,024	-
Equipment loan with 36 monthly payments of $323 due December 2021, collateralized by equipment.	3,877	7,753
PPP Loan at 1% interest rate, monthly payments $596, due April, 2022	9,477	-
Equipment loan with 36 monthly payments of $444 due December 2021, collateralized by equipment.	-	10,656
Total long-term debt outstanding	6,841,972	851,092
Less: current portion	(340,467)	(133,310)
Long-term debt, net of current portion	$6,501,505	$ 717,782

Long-Term Debt (continued)

Future maturities of long-term debt are as follows for the years ending December 31:

2021	$ 340,467
2022	334,457
2023	211,757
2024	193,107
2025	190,406
Thereafter	5,571,778
	$ 6,841,972

In 2009, the Organization purchased a building in Barre, funded through the Vermont Community Development Program (VCDP) using federal Community Development Block Grant (CDBG) funds. The VCDP loan, totaling $294,820, bears interest at 0% and was passed through from the City of Barre. Loan repayment is deferred until the sale of the property. The balance of the loan at December 31, 2020 and 2019 was $294,820.

In October 2011, the Organization refinanced a construction loan for $343,020 through a United States Department of Agriculture (USDA) Rural Development Facility Loan at a rate of 3.75% with monthly payments of $3,220 having a maturity date of 2031. The loan is collateralized by inventory, equipment and the Barre property. The amounts outstanding on the loan as of December 31, 2020 and 2019 were $343,178 and $368,433, respectively.

In January 2020, the Organization financed a mortgage loan for $5,730,000 through a United States Department of Agriculture (USDA) loan at a rate of 2.75% with monthly payments of $23,436 having a maturity date of December 2049. The loan is collateralized by the Harvest Lane property. The amounts outstanding on the loan as of December 31, 2020 and 2019 were $5,615,069 and $0, respectively.

(8) Line of Credit

On October 21, 2016, the Organization signed an agreement with Community National Bank for a $225,000 line of credit which matured on November 1, 2018. At maturity, the agreement was extended until November 1, 2020. The agreement bears interest at a variable rate of the Wall Street Journal Prime plus 2%, with a floor of 5.25%. The interest rate on December 31, 2020 and 2019 was 5.25%. The amounts outstanding as of December 31, 2020 and 2019 were $0 and $160,000, respectively.

(9) Commitments and Contingencies

The Organization participates in federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representative. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

(10) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of December 31, 2020 and 2019:

	2020	2019
Cash	$ 620,092	$ 460,382
Accounts receivable	137,948	119,887
Grants receivable	108,509	195,891
	$ 866,549	$ 776,160

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has several sources of liquidity at its disposal, including cash, accounts receivable and grants receivable.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Organization strives to maintain liquid cash reserves sufficient to cover 45 days of general expenditures. General expenditures include administrative, fundraising and operating expenses.

(11) Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows as of December 31:

	2020	2019
Support for various programs in next year	$ 80,969	$ 25,543
Capital campaign	-	528,500
	$ 80,969	$ 554,043

(12) Retirement Plan

The Organization sponsors a 403(b) noncontributory, defined-contribution benefit plan for all employees, and the Board of Directors has discretion over employer contributions to the plan. Contributions to the plan for the years ended December 31, 2020 and 2019 were $45,733 and $0, respectively.

RESOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
Corporation for National and Community Service				
Passed through YouthBuild USA				
AmeriCorps	94.006	YouthBuild USA 19/20	-	$ 109,238
AmeriCorps	94.006	YouthBuild USA 20/21	-	612
			-	109,850
Passed through State of Vermont, Agency of Human Services				
AmeriCorps	94.006	03400-ReSource-16AFH-FY20	-	161,390
AmeriCorps	94.006	03400-ReSource-18ACH-FY21	-	69,565
			-	230,955
Total Corporation for National and Community Service			-	340,805
U.S. Department of Labor, Employment and Training Administration				
YouthBuild	17.274	YB-30068-17-60-A-50	-	17,775
YouthBuild	17.274	YB-32969-18-60-A-50	-	268,096
Total YouthBuild			-	285,871
Small Business Administration				
Economic Injury Disaster Loan	59.008	3300484355	-	10,000
Total Department of Labor				295,871
Department of Housing and Urban Development				
Passed through Community Economic Development Office				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-50-0001	-	8,000
Vermont State Department of Labor				
Agency of Commerce and Community Development				
Vermont Economic Recovery Grant Program	21.019	07100CRF20000157	-	50,000
Agency of Human Services/ Department for Children & Families				
Hazard Pay Grant Program	21.019	-	-	6,000
Vermont Community Development Program				
Pass-through Grant from the Town of Williston				
Community Development Block Grant (CDBG)	14.228	07110-IG-2018-Williston-22	-	129,361
Community Development Block Grant (CDBG)	14.228	07110-IG-2018-Williston-22	-	20,639
Total Pass-through from the Town of Williston				150,000
Total Vermont State Department of Labor				206,000
Total Expenditures of Federal Awards				$ 850,676

Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

(1) Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where in certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(2) Federal Debt Outstanding

The Organization financed a construction loan for $543,000 through a United States Department of Agriculture Rural Development Facility Loan. The loan was used to finance the construction of the new Barre building in prior years. The balance of this loan as of December 31, 2020 is $343,177.

In 2020, the Organization financed another loan for $5,730,000 through a United States Department of Agriculture. The loan was used to finance the purchase of the new building in Williston. The balance of this loan as of December 31, 2020 is $5,615,069.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors of
ReSOURCE: A Nonprofit Community Enterprise, Inc.
Williston, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of ReSOURCE: A Nonprofit Community Enterprise, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, cash flows, and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

McSOLEY McCOY & CO.
Certified Public Accountants and Business Advisors

CELEBRATING
30 YEARS
Established in 1990

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McSoley McCoy & Co.

South Burlington, Vermont
September 30, 2021
Vermont Reg. No. 92-349

Independent Auditors' Report on Compliance for the Major Programs and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
ReSOURCE: A Nonprofit Community Enterprise, Inc.
Williston, Vermont

Report on Compliance for the Major Federal Programs

We have audited ReSOURCE: A Nonprofit Community Enterprise, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended December 31, 2020. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance Require that we plan and perform the audit to obtain a reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirements of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McSoley McCoy & Co.

South Burlington, Vermont
September 30, 2021
Vermont Reg. No. 92-349

RESOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC.
Schedule of Findings and Questioned Costs
December 31, 2020

1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	_______	yes	___X___	no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	______	yes	___X___	no
Noncompliance material to the financial statements noted?	_______	yes	___X___	no

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?	_______	yes	___X___	no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______	yes	___X___	no
Type of auditors' report issued on compliance for the major program:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with §200.516(a)(vii)?	______	yes	___X___	no

Identification of Major Programs

Name of federal program or cluster	CFDA #
YouthBuild	17.274
AmeriCorps	94.006

Dollar threshold used to distinguish between type A and type B programs, as those terms are defined in the OMB Uniform Guidance:	$750,000			
Auditee qualified as low-risk auditee?	____x___	yes	______	no

2) Findings Relating to the Financial Statements Required to be Reported in Accordance with *Government Auditing Standards*

There were no findings noted.

3) Findings and Questioned Costs For Federal Awards

There were no findings or questioned costs for federal awards noted.

RESOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC.
Summary Schedule of Prior Audit Findings
December 31, 2020

There were no prior audit findings.