

THE GREATER BOSTON FOOD BANK, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009
WITH
INDEPENDENT AUDITORS' REPORT

THE GREATER BOSTON FOOD BANK, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Greater Boston Food Bank, Inc.
Boston, Massachusetts

We have audited the accompanying consolidated statements of financial position of **The Greater Boston Food Bank, Inc.** (The Food Bank) as of September 30, 2010 and 2009, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of The Food Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **The Greater Boston Food Bank, Inc.** as of September 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CCR LLP

Boston, Massachusetts
January 6, 2011

THE GREATER BOSTON FOOD BANK, INC.

Consolidated Statements of Financial Position
September 30, 2010 and 2009

	2010	2009 (Restated)
Assets		
Cash and cash equivalents	\$ 5,883,652	\$ 6,589,328
Accounts receivable, net	2,077,093	663,690
Pledges receivable	1,034,294	2,415,030
Inventory	2,406,714	2,217,873
Cash restricted for bond repayment	-	29,483
Cash restricted for investment in property and equipment	3,169,504	15,836,016
Cash restricted from revenue bonds	500,024	807,599
Leveraged loan receivable	744,750	893,166
Property, plant and equipment, net	30,010,850	30,555,802
Prepaid expenses and other assets	496,419	696,390
	<u> </u>	<u> </u>
Total assets	<u>\$ 46,323,300</u>	<u>\$ 60,704,377</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 915,005	\$ 644,685
Accrued expenses and other liabilities	664,067	832,564
Deferred revenue	1,443,758	529,546
Obligations under capital leases	329,647	153,754
Bonds payable	3,700,000	21,435,000
New markets tax credit loans	4,950,000	4,950,000
	<u> </u>	<u> </u>
Total liabilities	<u>12,002,477</u>	<u>28,545,549</u>
Net assets		
Unrestricted		
Board designated	2,174,976	2,173,659
Other unrestricted	27,239,972	17,316,363
Total unrestricted	<u>29,414,948</u>	<u>19,490,022</u>
Temporarily restricted	<u>4,905,875</u>	<u>12,668,806</u>
Total net assets	<u>34,320,823</u>	<u>32,158,828</u>
Total liabilities and net assets	<u>\$ 46,323,300</u>	<u>\$ 60,704,377</u>

See independent auditors' report and notes to consolidated financial statements.

THE GREATER BOSTON FOOD BANK, INC.

Consolidated Statement of Activities
For the Year Ended September 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating			
Support			
Institutional contributions	\$ 1,846,887	\$ 2,727,092	\$ 4,573,979
Food donations	-	27,789,868	27,789,868
Contributed services	257,505	-	257,505
In-kind gifts	90,850	-	90,850
Special events	1,058,103	39,480	1,097,583
Individual contributions	4,502,366	571,821	5,074,187
Total support	<u>7,755,711</u>	<u>31,128,261</u>	<u>38,883,972</u>
Revenues			
State income - MEFAP	12,155,873	-	12,155,873
Shared maintenance fees	964,073	-	964,073
Coop income	910,999	-	910,999
USDA reimbursement	1,052,068	-	1,052,068
HUD grants	780,400	-	780,400
Interest and dividend income	3,984	38,361	42,345
Billboard rental, net of expense of \$12,392	782	-	782
Other	124,219	-	124,219
Total revenues	<u>15,992,398</u>	<u>38,361</u>	<u>16,030,759</u>
Net assets released from restrictions			
Food distribution	27,802,935	(27,802,935)	-
Satisfaction of donor restrictions	1,740,141	(1,740,141)	-
	<u>29,543,076</u>	<u>(29,543,076)</u>	<u>-</u>
Total support and revenues	<u>53,291,185</u>	<u>1,623,546</u>	<u>54,914,731</u>

Continued --

THE GREATER BOSTON FOOD BANK, INC.

Consolidated Statement of Activities (Continued)
For the Year Ended September 30, 2010

	Unrestricted	Temporarily Restricted	Total
Expenses			
Program services			
Food distribution	\$ 40,653,438	\$ -	\$ 40,653,438
Warehouse	2,708,710	-	2,708,710
Property	1,653,796	-	1,653,796
Member services	369,603	-	369,603
Nutrition programs	350,251	-	350,251
Food Acquisition Group	634,472	-	634,472
Second Helping	32,865	-	32,865
Total program services	<u>46,403,135</u>	<u>-</u>	<u>46,403,135</u>
Support services			
General and administrative	2,746,947	-	2,746,947
Lobbying	27,572	-	27,572
Marketing	741,731	-	741,731
Development	2,673,466	-	2,673,466
Total support services	<u>6,189,716</u>	<u>-</u>	<u>6,189,716</u>
Total expenses	<u>52,592,851</u>	<u>-</u>	<u>52,592,851</u>
Increase in net assets from operating activities	<u>698,334</u>	<u>1,623,546</u>	<u>2,321,880</u>
Non-operating activities			
Realized loss on interest rate swap agreement	(159,885)	-	(159,885)
Net assets released from restriction for payment of debt	<u>9,386,477</u>	<u>(9,386,477)</u>	<u>-</u>
Increase (decrease) in net assets from non-operating activities	<u>9,226,592</u>	<u>(9,386,477)</u>	<u>(159,885)</u>
Increase (decrease) in net assets	9,924,926	(7,762,931)	2,161,995
Net assets, beginning of year	<u>19,490,022</u>	<u>12,668,806</u>	<u>32,158,828</u>
Net assets, end of year	<u>\$ 29,414,948</u>	<u>\$ 4,905,875</u>	<u>\$ 34,320,823</u>

See independent auditors' report and notes to consolidated financial statements.

THE GREATER BOSTON FOOD BANK, INC.

Consolidated Statement of Activities
For the Year Ended September 30, 2009

	Unrestricted (Restated)	Temporarily Restricted (Restated)	Total
Operating Support			
Institutional contributions	\$ 1,767,560	\$ 1,694,974	\$ 3,462,534
Food donations	-	26,704,191	26,704,191
Contributed services	246,057	-	246,057
In-kind gifts	11,916	-	11,916
Special events	1,481,660	-	1,481,660
HUD grant	-	-	-
Individual contributions	4,484,451	1,710,173	6,194,624
Total support	<u>7,991,644</u>	<u>30,109,338</u>	<u>38,100,982</u>
Revenues			
State income - MEFAP	12,985,518	-	12,985,518
Shared maintenance fees	849,968	-	849,968
Coop income	783,811	-	783,811
USDA reimbursement	949,034	-	949,034
Interest and dividend income	48,270	176,381	224,651
Other	12,999	-	12,999
Total revenues	<u>15,629,600</u>	<u>176,381</u>	<u>15,805,981</u>
Net assets released from restrictions			
Food distribution	25,595,693	(25,595,693)	-
Satisfaction of donor restrictions	1,495,703	(1,495,703)	-
	<u>27,091,396</u>	<u>(27,091,396)</u>	<u>-</u>
Total support and revenues	<u>\$ 50,712,640</u>	<u>\$ 3,194,323</u>	<u>\$ 53,906,963</u>

Continued --

THE GREATER BOSTON FOOD BANK, INC.

Consolidated Statement of Activities (Continued)
For the Year Ended September 30, 2009

	Unrestricted (Restated)	Temporarily Restricted (Restated)	Total
Expenses			
Program services			
Food distribution	\$ 38,412,200	\$ -	\$ 38,412,200
Warehouse	2,231,482	-	2,231,482
Property	946,743	-	946,743
Member services	374,062	-	374,062
Nutrition programs	360,617	-	360,617
Food Acquisition Group	557,928	-	557,928
Second Helping	201,779	-	201,779
Total program services	43,084,811	-	43,084,811
Support services			
General and administrative	2,854,076	-	2,854,076
Lobbying	32,754	-	32,754
Marketing	808,525	-	808,525
Development	2,368,073	-	2,368,073
Total support services	6,063,428	-	6,063,428
Total expenses	49,148,239	-	49,148,239
Increase in net assets from operating activities	1,564,401	3,194,323	4,758,724
Non-operating			
Gain on sale of property, plant and equipment	1,732,480	-	1,732,480
Loss on abandonment of leasehold improvements	(231,674)	-	(231,674)
Unrealized loss on interest rate swap agreement	(237,115)	-	(237,115)
Increase in net assets	2,828,092	3,194,323	6,022,415
Net assets, beginning of year	16,661,930	9,474,483	26,136,413
Net assets, end of year	\$ 19,490,022	\$ 12,668,806	\$ 32,158,828

See independent auditors' report and notes to consolidated financial statements.

THE GREATER BOSTON FOOD BANK, INC.

Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2010

	<u>Food Distribution</u>	<u>Warehouse</u>	<u>Property</u>	<u>Member Services</u>	<u>Nutrition Programs</u>	<u>Food Acquisition Group</u>	<u>Second Helping</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Lobbying</u>	<u>Marketing</u>	<u>Development</u>	<u>Total</u>
Salaries	\$ -	\$ 978,480	\$ -	\$ 259,814	\$ 222,643	\$ 286,574	\$ 16,249	\$ 1,763,760	\$ 1,610,814	\$ -	\$ 324,123	\$ 609,769	\$ 4,308,466
Fringe benefits	-	260,331	-	60,649	70,249	70,563	13,714	475,506	284,504	-	64,281	121,417	945,708
Total Salaries and fringe benefits	-	1,238,811	-	320,463	292,892	357,137	29,963	2,239,266	1,895,318	-	388,404	731,186	5,254,174
Day labor	-	348,939	-	20,961	-	-	-	369,900	24,713	-	29,719	15,325	439,657
Contract labor	-	-	-	-	-	-	-	-	-	-	40,172	11,830	52,002
Consulting	-	-	-	3,660	-	-	-	3,660	148,949	25,000	-	127,942	305,551
Other personnel costs	-	18,077	-	366	666	303	-	19,412	116,135	-	200	838	136,585
Professional development	-	117	-	267	1,602	1,207	-	3,193	22,041	-	117	1,729	27,080
Rubbish removal	-	64,403	-	-	-	-	-	64,403	-	-	-	-	64,403
Repairs and maintenance	-	243,815	79,740	-	-	-	-	323,555	142	-	-	-	323,697
Supplies	-	46,062	-	-	9,982	-	-	56,044	-	-	-	628	56,672
Utilities/security/insurance	-	327,373	-	5,034	4,177	5,034	-	341,618	14,709	-	4,605	4,061	364,993
Other building costs	-	34,349	-	-	-	-	-	34,349	-	-	-	-	34,349
Financing charges	-	-	-	-	-	-	-	-	51,338	-	-	470,196	521,534
Freight charges	-	-	-	-	-	228,969	-	228,969	-	-	-	-	228,969
Food distribution	27,837,098	-	-	-	-	-	-	27,837,098	-	-	-	-	27,837,098
Food purchases	12,816,340	-	-	-	-	7,897	-	12,824,237	-	-	-	-	12,824,237
Kitchen supplies	-	-	-	-	13,666	-	1,556	15,222	213	-	-	-	15,435
Fleet expense	-	236,963	-	55	-	-	-	237,018	1,449	-	-	68	238,535
Bank charges/processing fees	-	490	246	33	33	-	-	802	8,827	-	-	120,076	129,705
Computer maintenance and supplies	-	9,670	-	-	350	-	-	10,020	38,699	-	-	16,377	65,096
Other insurance	-	-	-	-	-	-	-	-	9,932	-	-	-	9,932
Legal and audit	-	708	-	-	-	-	-	708	269,307	-	-	545	270,560
Postage and printing	-	9	-	1,277	4,545	3,793	1,180	10,804	11,177	-	102,501	657,337	781,819
Advertising	-	300	-	185	240	4,528	-	5,253	21,191	-	122,563	20,483	169,490
Public relations	-	-	-	-	-	-	-	-	-	-	-	-	-
Commission expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	-	373,601	373,601
Office expense	-	132,359	3,170	16,129	14,664	19,258	125	185,705	55,513	2,486	51,707	114,180	409,591
Staff travel	-	6,265	-	1,173	7,434	6,346	41	21,259	22,800	86	1,743	7,064	52,952
Second harvest fees	-	-	-	-	-	-	-	-	32,241	-	-	-	32,241
Volunteer expense	-	-	-	-	-	-	-	-	2,253	-	-	-	2,253
Depreciation	-	-	1,570,640	-	-	-	-	1,570,640	-	-	-	-	1,570,640
	\$ 40,653,438	\$ 2,708,710	\$ 1,653,796	\$ 369,603	\$ 350,251	\$ 634,472	\$ 32,865	\$ 46,403,135	\$ 2,746,947	\$ 27,572	\$ 741,731	\$ 2,673,466	\$ 52,592,851

See independent auditors' report and notes to financial statements.

THE GREATER BOSTON FOOD BANK, INC.

Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2009

	Food Distribution	Warehouse	Property	Member Services	Nutrition Programs	Food Acquisition Group	Second Helping	Total Program Services	General and Administrative	Lobbying	Marketing	Development	Total
Salaries	\$ -	\$ 856,326	\$ -	\$ 256,310	\$ 226,755	\$ 244,917	\$ 128,472	\$ 1,712,780	\$ 1,355,292	\$ -	\$ 328,195	\$ 685,826	\$ 4,082,093
Fringe benefits	-	258,870	-	51,799	66,657	47,621	33,881	458,828	247,956	-	57,441	132,427	896,652
Total salaries and fringe benefits	-	1,115,196	-	308,109	293,412	292,538	162,353	2,171,608	1,603,248	-	385,636	818,253	4,978,745
Day labor	-	274,050	-	26,938	543	8,148	534	310,213	35,709	-	11,198	11,198	368,318
Contract labor	-	-	-	-	300	-	-	300	4,566	-	38,590	7,034	50,490
Consulting	-	-	-	-	-	-	-	-	163,345	30,109	7,000	93,268	293,722
Other personnel costs	-	15,441	-	782	248	721	184	17,376	177,850	-	476	2,963	198,665
Professional development	-	360	-	50	1,088	95	-	1,593	7,780	-	65	1,425	10,863
Rubbish removal	-	78,422	-	-	-	-	-	78,422	-	-	-	-	78,422
Repairs and maintenance	-	136,047	-	-	-	-	-	136,047	964	-	-	-	137,011
Supplies	-	42,109	-	-	16,366	104	-	58,579	-	-	-	1,243	59,822
Utilities/security/insurance	-	211,237	-	18,451	11,440	10,543	8,329	260,000	46,127	-	11,413	26,275	343,815
Other building costs	-	99,702	-	-	-	-	-	99,702	3,739	-	-	1,295	104,736
Financing charges	-	-	-	-	-	-	-	-	51,338	-	-	37,865	89,203
Freight charges	-	-	-	-	-	158,006	-	158,006	-	-	-	-	158,006
Food distribution	25,423,201	-	-	-	-	-	-	25,423,201	-	-	-	-	25,423,201
Food purchases	12,988,999	-	-	-	-	-	-	12,988,999	-	-	-	-	12,988,999
Kitchen supplies	-	-	-	-	13,559	-	16,436	29,995	163	-	-	-	30,158
Fleet expense	-	164,623	-	10	-	-	78	164,711	1,267	-	-	523	166,501
Bank charges/processing fees	-	324	13,775	33	33	33	-	14,198	157,428	645	33	320,297	492,601
Computer maintenance and supplies	-	2,550	1,167	-	600	546	273	5,136	40,397	-	-	28,321	73,854
Other insurance	-	-	-	-	-	-	-	-	6,066	-	-	-	6,066
Legal and audit	-	2,971	85	-	-	-	-	3,056	315,867	-	-	315	319,238
Postage and printing	-	107	2	2,194	5,399	3,913	4,201	15,816	14,329	-	83,054	573,076	686,275
Advertising	-	100	-	175	25	2,220	-	2,520	15,286	-	164,362	26,326	208,494
Public relations	-	-	-	-	-	-	-	-	-	-	33,925	-	33,925
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	-	367,579	367,579
Office expense	-	83,145	1,737	16,927	12,097	21,870	7,424	143,200	153,623	640	70,974	33,177	401,614
Staff travel	-	5,098	61	393	5,507	3,035	1,967	16,061	21,046	1,360	1,799	17,640	57,906
Second harvest fees	-	-	-	-	-	56,156	-	56,156	31,684	-	-	-	87,840
Volunteer expense	-	-	-	-	-	-	-	-	2,254	-	-	-	2,254
Depreciation	-	-	929,916	-	-	-	-	929,916	-	-	-	-	929,916
	<u>\$ 38,412,200</u>	<u>\$ 2,231,482</u>	<u>\$ 946,743</u>	<u>\$ 374,062</u>	<u>\$ 360,617</u>	<u>\$ 557,928</u>	<u>\$ 201,779</u>	<u>\$ 43,084,811</u>	<u>\$ 2,854,076</u>	<u>\$ 32,754</u>	<u>\$ 808,525</u>	<u>\$ 2,368,073</u>	<u>\$ 49,148,239</u>

See independent auditors' report and notes to financial statements.

THE GREATER BOSTON FOOD BANK, INC.

Consolidated Statements of Cash Flows
For the Years Ended September 30, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Increase in net assets	\$ 2,161,995	\$ 6,022,415
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	1,577,156	929,916
Gain on sale of property, plant and equipment	-	(1,732,480)
Loss on abandonment of leasehold improvements	-	231,674
Unrealized loss on interest rate swap agreement	-	237,115
Donated property, plant and equipment	(83,900)	-
(Increase) decrease in operating assets		
Accounts receivable	(1,413,403)	(34,073)
Pledges receivable	1,380,736	1,669,788
Inventory	(188,841)	(1,257,471)
Prepaid expenses and other assets	199,971	96,217
Increase (decrease) in operating liabilities		
Accounts payable	270,320	(1,244,164)
Accrued expenses	(168,497)	94,057
Deferred revenue	914,212	291,596
Net cash provided by operating activities	<u>4,649,749</u>	<u>5,304,590</u>
Cash flows from investing activities		
Leveraged loan receivable	148,416	(129,805)
Purchases of property, plant and equipment	(724,777)	(12,663,159)
Proceeds from sale of property, plant and equipment	-	3,578,225
Net cash used for investing activities	<u>(576,361)</u>	<u>(9,214,739)</u>
Cash flows from financing activities		
Cash restricted for bond repayment	29,483	(2,768)
Cash restricted to investment in property and equipment	12,666,512	665,087
Cash restricted from revenue bonds	307,575	(4,465)
Repayments of obligations under capital leases	(47,634)	(37,677)
Principal payments on long-term debt	(17,735,000)	(160,000)
Net cash provided by (used for) financing activities	<u>(4,779,064)</u>	<u>460,177</u>
Net decrease in cash and cash equivalents	(705,676)	(3,449,972)
Cash and cash equivalents - beginning of year	<u>6,589,328</u>	<u>10,039,300</u>
Cash and cash equivalents - end of year	<u>\$ 5,883,652</u>	<u>\$ 6,589,328</u>

See independent auditors' report and notes to consolidated financial statements.

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

1. Summary of Significant Accounting Policies

Organization

The Greater Boston Food Bank, Inc. (The Food Bank) was established in 1981 to alleviate hunger in Eastern Massachusetts by distributing food through a network of other not-for-profit organizations. Its principal activity is the collection, storage, and re-distribution of food to qualified not-for-profit agencies in Eastern Massachusetts, in counties stretching from New Hampshire to Cape Cod and the Rhode Island border. The Food Bank is a member of Feeding America, the nation's leading domestic hunger-relief charity. Its mission is to feed America's hungry through a nationwide network of member food banks and to engage our country in the fight to end hunger. The network of more than 200 food banks serves all 50 states, the District of Columbia and Puerto Rico, securing and distributing more than 2.5 billion pounds of food and grocery products annually. GBFB Realty, Inc. was established in 2008 to hold and manage the real property located at 70 South Bay, Boston, Massachusetts for the exclusive use and benefit of The Greater Boston Food Bank, Inc.

Income Taxes

The Internal Revenue Service has recognized The Greater Boston Food Bank, Inc. and GBFB Realty, Inc. as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. Section 501(c)(3) of the Code provides for the exemption of organizations that are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes and whose net earnings do not inure to the benefit of any private shareholder or individual.

Basis of Presentation

The accompanying consolidated financial statements as of September 30, 2010 and 2009 and for the years then ended include the accounts of The Greater Boston Food Bank, Inc. and GBFB Realty, Inc. (a not-for-profit organization whose sole member is The Greater Boston Food Bank, Inc.). All significant inter-company accounts and transactions have been eliminated in consolidation.

The Food Bank prepares its consolidated financial statements in accordance with generally accepted accounting principles (GAAP) which require that resources be classified for accounting and reporting purposes into three classes of net assets:

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of The Food Bank and/or by the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by The Food Bank.

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THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

1. Summary of Accounting Policies (Continued)

Basis of Presentation (Continued)

GAAP also requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires that organizations distinguish between contributions received for each net asset category in accordance with donor imposed restrictions.

Included in unrestricted net assets are Board of Directors designated net assets of \$2,174,976 and \$2,173,659 as of September 30, 2010 and 2009, respectively. The Board of Directors of The Food Bank has established this restriction in recognition of the need to develop operating reserves to protect The Food Bank in the event of a temporary, short-lived cash flow shortfall due to an economic downturn, unforeseen expenditure, or catastrophic event which might prevent or inhibit The Food Bank from accomplishing its mission.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets and liabilities and changes therein, and disclosure of contingent assets and liabilities, if any. Accordingly, actual results could differ from those estimates.

Cash Equivalents

Cash equivalents consist of certificates of deposit, money market accounts and repurchase agreements. Cash equivalents are carried at cost which approximates fair value.

Accounts Receivable

Accounts receivable represent amounts due from state agencies, recipient agencies and other charitable organizations that are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts as of September 30, 2010 and 2009 amounted to approximately \$4,000.

Pledges Receivable

Pledges receivable in the discounted net amount of \$1,034,294 and \$2,415,030 as of September 30, 2010 and 2009, respectively, are primarily from individuals and foundations based in the Northeast. Pledges are recorded at the present value of estimated future cash flows. The present value of estimated future cash flows has been measured utilizing a risk-free rate of return (1% and 4% as of September 30, 2010 and 2009, respectively). This rate may change from year to year as a result of the general level of interest rates.

Pledges receivable have been reviewed by management and it has been determined that there is no requirement for an allowance for doubtful pledges as of September 30, 2010 and 2009.

Continued --

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

1. Summary of Accounting Policies (Continued)

Pledges Receivable (Continued)

Pledges are expected to be collected as follows:

	2010	2009
In one year or less	\$ 622,754	\$ 1,805,833
Between one and five years	<u>511,640</u>	<u>1,116,109</u>
	1,134,394	2,921,942
Less: discounts to net present value	<u>100,100</u>	<u>506,912</u>
Total pledges receivable, net	<u>\$ 1,034,294</u>	<u>\$ 2,415,030</u>

Concentrations of Credit Risk

Financial instruments which potentially subject The Food Bank to concentrations of credit risk consist principally of cash and accounts receivable. The Food Bank places its cash in highly rated financial institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. As of September 30, 2010 and 2009 The Food Bank had deposits of approximately \$9,424,000 and \$23,194,000, respectively, in excess of the FDIC insured limits. The Food Bank has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash and cash equivalents. The Food Bank grants credit to its approximately 600 not-for-profit member agencies and organizations.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Investments are included with prepaid expenses and other assets at September 30, 2010 and 2009.

Restricted Cash

Cash restricted to investment in property and equipment consists of money market accounts, certificates of deposit and checking accounts that are either donor or bank restricted to investment in property, plant and equipment for the building at 70 South Bay Street which will be used to service monthly principal and interest payments on the Massachusetts Development Finance Agency Variable Rate Demand Revenue Bonds, series 2008B. In 2010, the Series 2008B bonds were redeemed.

Cash restricted for revenue bonds represents Debt Service Reserves Funds on the Series 2008A and 2008B bonds, to be used if The Food Bank defaults on the bonds. These funds are required to be maintained for the term of the bonds.

Continued --

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

1. Summary of Accounting Policies (Continued)

Inventory

Inventory consists of perishable and non-perishable foodstuffs and related products. Inventory purchased under the "Coop" program, United States Department of Agriculture (USDA) and Massachusetts Emergency Food Assistance Program (MEFAP), is stated at historical cost determined on the first-in, first-out basis, which approximates market value. Donated inventory items are valued at the approximate average wholesale value of one pound of donated product at the national level as outlined in the *Product Valuation Survey Methodology, December 2009* prepared by Feeding America, and is subjected annually to agreed-upon procedures by a national accounting firm. At September 30, 2010 and 2009 the approximate average wholesale value of one pound of donated product was \$1.60 and \$1.58, respectively.

Property, Plant and Equipment

Expenditures for property, plant and equipment are recorded at cost, or, if acquired by gift, at fair market value as of the date of gift. Depreciation and amortization are computed using the straight-line method calculated to amortize the cost of the assets over their estimated useful lives. Expenditures in excess of \$2,500 individually are capitalized. For the years ended September 30, 2010 and 2009 depreciation and amortization expense amounted to \$1,577,156 and \$929,916, respectively.

Interest Rate Swaps

Interest rate swaps are used by The Food Bank to manage liquidity and interest rate exposure by hedging against changes in the amount of future cash flows associated with payments on variable rate demand bonds. The Food Bank entered into an agreement with a major financial institution during 2009 and terminated the agreement during 2010.

At September 30, 2009 The Food Bank's interest rate swap (see Note 11) is carried in the consolidated statement of financial position at fair value, which is an estimate of the net present value of the expected cash flows of the transactions between The Food Bank and the financial institution over the life of the interest rate swap agreement. Changes in fair value of the swap are presented as realized and unrealized losses on interest rate swaps in the accompanying consolidated statements of activities.

Operating Measure

The Food Bank has defined the change in net assets from operating activities to include all support, revenue, expenses, and gains and losses, except for changes in the fair value of the interest rate swaps and any gains or losses resulting from unusual or infrequent transactions.

Continued --

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

1. Summary of Accounting Policies (Continued)

Obligations Under Capital Leases

Long-term lease transactions relating to the financing of property, plant and equipment are accounted for as installment purchases of property and equipment. The capital lease obligations reflect as a liability the present value of future rental payments and a corresponding amount is capitalized as the cost of the assets and amortized using the straight-line method over the estimated economic life of the asset. Amortization of the assets under the capital leases is included in depreciation expense in the accompanying consolidated financial statements. Interest expense related to capital lease obligations for the years ended September 30, 2010 and 2009 was \$17,707 and \$22,602, respectively.

Fair Value Measurements for Financial Assets and Financial Liabilities

The Food Bank implemented accounting standards which permit entities to choose to measure eligible items at fair value at specified election dates and report unrealized gains and losses, on items for which the fair value option has been elected, in earnings at each subsequent reporting date. These standards are effective for fiscal years beginning after November 15, 2007. The standards did not have an impact on The Food Bank's results of operations or financial position, as The Food Bank has not elected the fair value option for any of its eligible assets or liabilities.

Contributed Services

Contributions of services are recognized as a contribution and an expense if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

2. Executive Pension Plan Investments

Included in prepaid expenses and other assets are executive pension plan investments comprised of the following as of September 30, 2010 and 2009:

	2010	2009
Mutual funds:		
Fair market value	<u>\$ 16,653</u>	<u>\$ 15,365</u>
Cost	<u>\$ 16,544</u>	<u>\$ 16,486</u>

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

3. Restrictions on Assets

Temporarily restricted net assets consist of contributions and other assets presently available for use, but expendable or distributable only for purposes specified by the donor. At September 30, 2010 and 2009 temporarily restricted net assets are restricted for the following purposes:

	2010	2009 (Restated)
Capital Campaign gifts	\$ 2,314,618	\$ 10,739,919
Food distribution	1,900,550	1,913,617
Purpose restricted gifts	<u>690,707</u>	<u>15,270</u>
	<u>\$ 4,905,875</u>	<u>\$ 12,668,806</u>

4. Shared Maintenance, Bulk Purchasing Income, USDA Reimbursement and MEFAP

Shared Maintenance

Based on Feeding America's recommendation, The Food Bank may charge up to 19 cents per pound to the recipient agency which takes donated food and redistributes it to those in need. Currently, The Food Bank is charging 19 cents per pound. This fee offsets a portion of the handling and redistribution costs incurred by The Food Bank. Accounts receivable include \$88,671 and \$53,186 of outstanding shared maintenance fees at September 30, 2010 and 2009, respectively.

Bulk Purchasing

The Food Bank operates a coop program. The Food Bank purchases food from wholesale distributors then distributes it to agencies at cost plus a markup. Member agencies are allowed to shop for these provisions must pre-order before arrival.

USDA Reimbursement

The Food Bank has entered into a contract to distribute certain commodities provided by the Massachusetts Department of Education under the Temporary Emergency Food Assistance Program (TEFAP) of the federal government. The Food Bank is reimbursed for certain distribution and handling costs by the U.S. Department of Agriculture. At September 30, 2010 and 2009 accounts receivable relating to this program amounted to \$281,859 and \$332,283, respectively.

MEFAP

The Food Bank has entered into contracts with the Massachusetts Department of Food and Agriculture (MDFA) and the Massachusetts Department of Education (MDE) to purchase and distribute certain commodities under the Massachusetts Emergency Food Assistance Program (MEFAP) of the Commonwealth of Massachusetts. The Food Bank is reimbursed for the food commodities by the MDFA and for certain distribution and handling costs of the program by the MDE. Under the terms of the contract, The Food Bank may utilize funds received in one fiscal year in a subsequent fiscal year.

Continued --

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

4. Shared Maintenance, Bulk Purchasing Income, USDA Reimbursement and MEFAP (Continued)

MEFAP (Continued)

Amounts received in advance are shown as MEFAP deferral. For the years ended September 30, 2010 and 2009 the deferral amounted to \$1,384,616 and \$525,241, respectively. The Food Bank had a receivable from the Massachusetts Department of Education in the amount of \$1,050,321 and \$204,275 for the years ended September 30, 2010 and 2009, respectively.

5. Food Distribution

For the years ended September 30, 2010 and 2009 The Food Bank distributed approximately 34,356,000 and 31,497,000 pounds of food, respectively. The value of these distributions is reflected in the accompanying consolidated statements of activities at \$1.60 and \$1.58 per pound, respectively. In addition to the pounds of food reported in the consolidated financial statements The Food Bank is responsible for the distribution of enabled and referred pounds that are not reported in the consolidated financial statements. Enabled pounds represent pounds received through the reclamation program directly by agencies that can best use those pounds. Referred pounds represent pounds offered to The Food Bank that The Food Bank cannot accept but subsequently refers those pounds to other regional food banks under guidelines established by Feeding America. For the years ended September 30, 2010 and 2009 The Food Bank enabled approximately 55,000 pounds of food and 142,000 pounds of food, respectively. For the years ended September 30, 2010 and 2009 The Food Bank referred approximately 360,000 and 398,000 pounds of food, respectively. The value of these enabled and referred pounds is approximately \$664,000 and \$853,000 for the years ended September 30, 2010 and 2009, respectively.

6. Property, Plant and Equipment

Property, plant and equipment at September 30, 2010 and 2009 consist of the following:

	2010	2009
Land	\$ 2,579,923	\$ 2,579,923
Buildings and improvements	27,056,523	26,498,416
Equipment, furniture and fixtures	1,828,050	1,717,224
Computer software	671,114	666,314
Trucks and automobiles	<u>1,039,938</u>	<u>681,467</u>
	33,175,548	32,143,344
Less accumulated depreciation	<u>3,164,698</u>	<u>1,587,542</u>
Property, plant and equipment, net	<u>\$ 30,010,850</u>	<u>\$ 30,555,802</u>

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

7. Retirement Plans

Executive Pension Plan

During the year ended September 30, 2004 The Food Bank adopted an agreement between The Food Bank and the senior executives of The Food Bank. The agreement calls for an unfunded supplemental pension plan to be maintained for the benefit of "a select group of management." The plan requires that a pre-determined amount be recognized annually in the name of each of the compensated executives. The executives are entitled to the amount credited in their name after a vesting period of approximately three years. Prior to the end of the initial vesting period the executives must inform The Food Bank if they wish the vesting period to continue for an additional three years or if they wish to receive payment of the benefit credit. The Food Bank at its discretion may establish a trust into which the benefit may be contributed. In May of 2005 a trust was established and the benefit was funded.

Defined Contribution Retirement Plan

The Food Bank has a defined contribution retirement savings plan for all eligible employees. Employees may contribute up to fifteen percent of pay and may invest in twelve mutual funds through ING Life Insurance and Annuity Company.

At the Board of Directors' discretion, an employer matching contribution is approved each year. For the fiscal years 2010 and 2009 the match is twenty-five cents for every one dollar contributed up to six percent of an employee's gross compensation. While The Food Bank expects to continue the plan indefinitely, it has reserved the right to modify, amend or terminate the plan. The Food Bank's contributions under the plan amounted to \$40,891 and \$40,849 for the years ended September 30, 2010 and 2009, respectively.

8. Obligations Under Capital Leases

Included in property, plant and equipment in the accompanying consolidated statements of financial position is equipment under capital leases at September 30, 2010 and 2009. The interest rates vary from 7.7% to 14.1%. A summary of capitalized lease cost and accumulated amortization as of September 30, 2010 and 2009 is as follows:

	2010	2009
Cost	\$ 487,844	\$ 264,317
Accumulated amortization	<u>(242,706)</u>	<u>(167,490)</u>
Net book value	<u>\$ 245,138</u>	<u>\$ 96,827</u>

For the years ended September 30, 2010 and 2009 amortization expense amounted to \$75,216 and \$52,863, respectively.

Continued --

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

8. Obligations Under Capital Leases (Continued)

The following is a schedule by years of future minimum lease payments remaining under the capital leases together with the present value of the future minimum lease payments as of September 30, 2010:

Years	Amount
2011	\$ 97,762
2012	81,508
2013	56,431
2014	45,767
2015	37,980
Thereafter	<u>104,445</u>
Total minimum lease payments	423,893
Less amount representing interest	<u>94,246</u>
Net present value of future minimum lease payments	<u>\$ 329,647</u>

9. Bonds Payable

In July 2008 the Massachusetts Development Finance Agency issued two series of Variable Rate Demand Revenue Bonds (Greater Boston Food Bank Issue): Series 2008A in the principal amount of \$13,495,000 and Series 2008B in the principal amount of \$8,100,000, on behalf of The Greater Boston Food Bank, Inc. (collectively, the Bonds). The proceeds of the Series 2008B Bonds are to be used by The Food Bank for its share as tenant of the cost of the acquisition and construction of a new warehouse and distribution facility at 70 South Bay Avenue, Boston, Massachusetts and to pay for certain bond issuance costs (the Project). The proceeds of the Series 2008A Bonds are to be used to finance the Project through the new markets tax credit loans, as described in Note 10. During 2010 The Food Bank redeemed the Series 2008B Bonds in their entirety.

The interest rate on the Series 2008A Bonds was .26% and .31% at September 30, 2010 and 2009, respectively. The interest rate on the Series 2008B Bonds was .31% at September 30, 2009. The Bonds are the sole responsibility of The Food Bank and each series is secured by a separate letter of credit issued by Bank of America, N.A. on behalf of The Food Bank as account debtor.

The Series 2008A Bonds were initially issued as taxable bonds. During 2010, upon recognition of GBFB Realty, Inc.'s tax exemption, The Food Bank was able to exercise its option to change the Series 2008A Bonds to tax-exempt bonds. The Series 2008B Bonds were issued as tax-exempt bonds.

Continued --

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

9. Bonds Payable (Continued)

Under certain circumstances the interest rates on the Bonds may be converted to fixed rates. As long as the Bonds carry a variable interest rate, interest rates on the Bonds are reset weekly and bondholders may have their bonds purchased upon demand with seven days notice at par plus accrued interest. The Food Bank has entered into an agreement which provides for the remarketing of the Bonds, to the extent possible, in the event that such bonds have been tendered by the bondholders. In the event a remarketing is unsuccessful, the letter of credit will be drawn upon to pay the purchase price of and up to forty-five days' interest on the applicable series of Bonds.

The Food Bank has entered into a reimbursement agreement that provides for payment to Bank of America, N.A. for draws, if any, that may be made upon the letters of credit. The reimbursement agreement contains covenants that restrict The Food Bank's ability, among other things, to issue additional debt. In addition, The Food Bank must maintain a debt service coverage ratio of not less than 1.15 to 1 and liquidity in the amount of \$1.5 million. Management is not aware of any violations of these covenants as of September 30, 2010 and 2009. As a condition of the reimbursement agreement, The Food Bank has pledged all tangible and intangible personal property, now owned or thereafter existing, including, among other things, all fixtures, equipment, receivables, contracts, contract rights, inventory, intellectual property rights, campaign pledge accounts, deposit accounts and insurance policies, as collateral for its reimbursement obligations and, with respect to the Series 2008B Bonds, a leasehold mortgage on 70 South Bay Avenue, Boston, Massachusetts.

The Bonds will mature on July 1, 2038. Prior to maturity, while carrying a variable interest rate, the Bonds are subject to optional redemption at par at the option of The Food Bank. The Food Bank has agreed to exercise its right to redeem the Bonds on or before the schedule maturity dates.

The following is a schedule by years of future principal payments on the Series 2008A bonds.

Years	Amount
2011	\$ -
2012	-
2013	-
2014	-
2015	-
Thereafter	<u>3,700,000</u>
Total principal payments	<u>\$ 3,700,000</u>

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

10. New Market Tax Credit Loans and Leveraged Loan Receivable

In conjunction with the issuance of the Bonds, Brownfield Revitalization III, LLC (Brownfield) and New Opportunities Sub-CDE II, LLC (New Opportunities; together the CDEs) each made two new market tax credit enhanced mortgage loans (the NMTC Loans) to GBFB Realty, Inc. to finance the Project. Brownfield made two loans in the aggregate amount of \$12,250,000 and New Opportunities made two loans totaling \$4,950,000, as set forth below.

The CDEs had received allocations of new market tax credits (NMTC) pursuant to Section 45D of the Internal Revenue Code in order to assist eligible businesses in making investments in certain low-income communities. The availability of NMTC allowed U.S. Bancorp Community Development Corporation to invest \$5,255,250 in the Boston Food Bank Investment Fund (the Investment Fund). In addition, The Food Bank made a loan of \$12,994,750 from the proceeds of the Series 2008A Bonds to the Investment Fund (Leveraged Loan). The Investment Fund used the combined amount to make equity contributions of \$12,500,000 to Brownfield and \$5,000,000 to New Opportunities. The CDEs, in turn, used the contributions to make the NMTC Loans to GBFB Realty Corporation. As security for the NMTC Loans, GBFB Realty Corporation has granted each of the CDEs a mortgage on 70 South Bay Avenue. These mortgages are secured pari passu with the leasehold mortgage granted by The Food Bank to the Bank of America, NA.

The NMTC Loans mature on July 1, 2038 and principal is payable in monthly installments commencing July 20, 2023. Interest is payable on the NMTC Loans on the 20th of each month, and commenced July 20, 2008, at the following interest rates:

	Original Principal Amount	Annual Interest Rate
Brownfield Loan A	\$ 9,496,250	4.00%
Brownfield Loan B	<u>2,753,750</u>	2.25%
Subtotal	<u>12,250,000</u>	
New Opportunities Loan A	3,498,500	4.00%
New Opportunities Loan B	<u>1,451,500</u>	0.77%
Subtotal	<u>4,950,000</u>	
Total new markets tax credit loans	<u>\$ 17,200,000</u>	

Simultaneously with the new markets tax credit transaction, GBFB Realty, Inc. entered into a lease agreement with The Food Bank pursuant to which The Food Bank will lease the Project for thirty years and pay a monthly rent to GBFB Realty, Inc., which will be used by GBFB Realty, Inc. to pay debt service on the NMTC Loans.

Continued --

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

10. New Market Tax Credit Loans and Leveraged Loan Receivable (Continued)

The original funds for Brownfield Loans A and B were provided by The Food Bank. In consolidation The Food Bank has eliminated the loan and the corresponding receivable to properly reflect the substance of the transaction.

The security for the loan from The Food Bank to the Sub-CDEs consists of the underlying LLC interests. Therefore management is of the opinion that the only source of funds available for repayment of the loan is through funds from itself payable through GBFB Realty, Inc.

The Food Bank expects, in turn, to receive principal of and interest on the Leveraged Loan on the 20th of each month at an annual interest rate of 4%. The Leveraged Loan matures on July 1, 2038 and principal is payable in monthly installments commencing July 20, 2023. Amounts received from the Investment Fund as payment on the Leveraged Loan will be used by The Food Bank to pay debt service on the Series 2008A Bonds.

11. Interest Rate Swap Agreement

On April 1, 2009, The Food Bank entered into an interest rate swap agreement in the amount of \$10,717,500 with a termination date of April 1, 2014. The Food Bank recorded a liability for the fair value of this interest rate swap of \$237,115 at September 30, 2009 which is included in accrued expenses.

On May 20, 2010, The Food Bank terminated the swap agreement. In consideration of the early termination of the agreement The Food Bank paid a termination fee of \$397,000 resulting in a realized loss on the swap of agreement of \$159,885.

12. Contributed Services

The value of certain donated services is recognized as support at estimated fair market value at the time that the services are provided. For the years ended September 30, 2010 and 2009, all donated services were expenses, and consisted of the following:

	2010	2009
Accounting and auditing	\$ 32,000	\$ 32,000
Legal	166,005	214,057
Consulting	<u>59,500</u>	<u>-</u>
Total	<u>\$ 257,505</u>	<u>\$ 246,057</u>

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

13. In-Kind Gifts

The value of certain in-kind gifts are recognized as support at estimated fair market value at the time that the gifts are received with the like amount included in expenses. For the year ended September 30, 2010 and 2009, the value of in-kind gifts was \$90,850 and \$11,916, respectively. Included in the 2010 balance is a donated vehicle with a fair market value of \$83,900.

14. Billboard Rental

During 2010, The Food Bank constructed a billboard for the purpose of leasing space. The billboard was fully permitted for use on August 15, 2010. For the year ended September 30, 2010, the rental income and expense was \$13,174 and \$10,892, respectively. Included in the rental expense is \$6,516 of depreciation expense.

15. Lease Commitments

The Food Bank leases office and warehouse equipment under operating lease arrangements extending through 2013. Approximate aggregate minimum lease payments for non-cancellable lease arrangements related to this equipment are as follows:

Year ending September 30,	
2011	\$ 17,000
2012	14,000
2013	<u>11,000</u>
	<u>\$ 42,000</u>

Equipment rent expense amounted to \$25,136 and \$20,460 for the years ended September 30, 2010 and 2009, respectively.

16. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

17. Related Party Transactions

The Greater Boston Food Bank Inc. leases its warehouse and office facilities from GBFB Realty, Inc. under a 30 year lease expiring June 30, 2039. The lease provides for minimum monthly lease payments plus real estate taxes. Rental charges under the agreement totaled \$630,000 in 2010 and 2009, and have been eliminated in consolidation.

Continued --

THE GREATER BOSTON FOOD BANK, INC.

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010 and 2009

17. Related Party Transactions (Continued)

A member of The Food Bank's Board of Directors is employed by Bank of New York Mellon (BNY Mellon). As part of the bond financing agreement (Note 9) BNY Mellon was selected as corporate trustee and cash manager of certain funds. The banking relationship is handled by divisions within BNY Mellon that are not under supervision or control of the Board member. The decisions, communications, and interactions with the divisions were conducted by The Food Bank's staff, treasurer, and finance task force and not by the Board member. The Board of Directors of The Food Bank was fully aware of this relationship.

18. Concentrations of Risk

For the years ended September 30, 2010 and 2009 approximately 22% and 24%, respectively of The Food Bank's total support and revenues were derived from the Massachusetts Emergency Food Assistance Program (MEFAP).

For the years ended September 30, 2010 and 2009 approximately 82% and 87%, respectively of The Food Bank's total food purchases were from two vendors.

For the years ended September 30, 2010 and 2009 approximately 25% and 28% of the total food distributed was USDA food and approximately 36% and 36% was MEFAP food.

The Food Bank has a reclamation program whereby it receives various un-sellable grocery items and distributes such items to its member agencies. The majority of the reclamation received is from two major supermarket chains.

19. Statement of Cash Flows Supplemental Disclosures

Cash paid for interest amounted to \$815,181 and \$872,091 for the years ended September 30, 2010 and 2009, respectively. For the year ended September 30, 2009, \$396,864 of the interest was capitalized. There was no capitalized interest in 2010.

For the year ended September 30, 2010, The Food Bank acquired property and equipment for \$223,527 through capital leases.

20. Subsequent Events

Subsequent events have been evaluated through January 6, 2011, the date the financial statements were available to be issued.

Subsequent to year-end The Board voted to redeem \$1,000,000 of the outstanding balance of Series 2008A bonds in December 2010.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
The Greater Boston Food Bank, Inc.
Boston, Massachusetts

Our report on our audit of the basic consolidated financial statements of **The Greater Boston Food Bank, Inc.** as of and for the years ended September 30, 2010 and 2009 appears on page 1. Those audits were performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying information contained on pages 25 through 27 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing standards applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

CCR LLP

January 6, 2011

THE GREATER BOSTON FOOD BANK, INC.

Consolidating Statement of Financial Position
September 30, 2010

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Assets				
Cash and cash equivalents	\$ 5,834,950	\$ 48,702	\$ -	\$ 5,883,652
Accounts receivable, net	10,103,290	444,012	(8,470,209)	2,077,093
Pledges receivable	1,034,294	-	-	1,034,294
Inventory	2,406,714	-	-	2,406,714
Cash restricted to investment in property, plant and equipment	3,169,504	-	-	3,169,504
Cash restricted from revenue bonds	500,024	-	-	500,024
Leveraged loan receivable	12,994,750	-	(12,250,000)	744,750
Property, plant and equipment, net	2,239,026	28,048,370	(276,546)	30,010,850
Prepaid expenses and other assets	236,485	259,934	-	496,419
Total assets	<u>\$ 38,519,037</u>	<u>\$ 28,801,018</u>	<u>\$ (20,996,755)</u>	<u>\$ 46,323,300</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 3,698,925	\$ 5,686,289	\$ (8,470,209)	\$ 915,005
Accrued expenses and other liabilities	664,067	-	-	664,067
Deferred revenue	1,443,758	-	-	1,443,758
Obligations under capital leases	329,647	-	-	329,647
Bonds payable	3,700,000	-	-	3,700,000
New markets tax credit loans	-	17,200,000	(12,250,000)	4,950,000
Total liabilities	<u>9,836,397</u>	<u>22,886,289</u>	<u>(20,720,209)</u>	<u>12,002,477</u>
Net assets				
Unrestricted				
Board designated	2,174,976	-	-	2,174,976
Other unrestricted	21,601,789	5,914,729	(276,546)	27,239,972
Total unrestricted	<u>23,776,765</u>	<u>5,914,729</u>	<u>(276,546)</u>	<u>29,414,948</u>
Temporarily restricted	4,905,875	-	-	4,905,875
Total net assets	<u>28,682,640</u>	<u>5,914,729</u>	<u>(276,546)</u>	<u>34,320,823</u>
Total liabilities and net assets	<u>\$ 38,519,037</u>	<u>\$ 28,801,018</u>	<u>\$ (20,996,755)</u>	<u>\$ 46,323,300</u>

See independent auditors' report on supplemental information.

THE GREATER BOSTON FOOD BANK, INC.

Consolidating Statement of Activities
For the Year Ended September 30, 2010

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Operating				
Support				
Institutional contributions	\$ 4,573,979	\$ -	\$ -	\$ 4,573,979
Food donations	27,789,868	-	-	27,789,868
Contributed services	257,505	-	-	257,505
In-kind gifts	90,850	507,881	(507,881)	90,850
Special events	1,097,583	-	-	1,097,583
Individual contributions	5,074,187	-	-	5,074,187
Total support	<u>38,883,972</u>	<u>507,881</u>	<u>(507,881)</u>	<u>38,883,972</u>
Revenues				
State income - MEFAP	12,155,873	-	-	12,155,873
Shared maintenance fees	964,073	-	-	964,073
Coop income	910,999	-	-	910,999
USDA reimbursement	1,052,068	-	-	1,052,068
HUD grants	780,400	-	-	780,400
Interest and dividend income	570,385	-	(528,040)	42,345
Rental income	-	630,000	(630,000)	-
Billboard rental, net of expense of \$12,392	782	-	-	782
Other	124,219	-	-	124,219
Total revenues	<u>16,558,799</u>	<u>630,000</u>	<u>(1,158,040)</u>	<u>16,030,759</u>
Total support and revenues	<u>\$ 55,442,771</u>	<u>\$ 1,137,881</u>	<u>\$ (1,665,921)</u>	<u>\$ 54,914,731</u>

Continued --

THE GREATER BOSTON FOOD BANK, INC.

Consolidating Statement of Activities (Continued)
For the Year Ended September 30, 2010

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Expenses				
Program services				
Food distribution	\$ 40,653,438	\$ -	\$ -	\$ 40,653,438
Warehouse	3,338,710	-	(630,000)	2,708,710
Property	135,588	2,046,248	(528,040)	1,653,796
Member services	369,603	-	-	369,603
Nutrition programs	350,251	-	-	350,251
Food Acquisition Group	634,472	-	-	634,472
Second Helping	32,865	-	-	32,865
Total program services	<u>45,514,927</u>	<u>2,046,248</u>	<u>(1,158,040)</u>	<u>46,403,135</u>
Support services				
General and administrative	2,695,609	51,338	-	2,746,947
Lobbying	27,572	-	-	27,572
Marketing	741,731	-	-	741,731
Development	2,673,466	-	-	2,673,466
Total support services	<u>6,138,378</u>	<u>51,338</u>	<u>-</u>	<u>6,189,716</u>
Transfer of assets to subsidiary	507,881	-	(507,881)	-
Total expenses	<u>52,161,186</u>	<u>2,097,586</u>	<u>(1,665,921)</u>	<u>52,592,851</u>
Increase (decrease) in net assets from operating activities	<u>3,281,585</u>	<u>(959,705)</u>	<u>-</u>	<u>2,321,880</u>
Non-operating				
Realized loss on interest rate swap agreement	<u>(159,885)</u>	<u>-</u>	<u>-</u>	<u>(159,885)</u>
Increase (decrease) in net assets from non-operating activities	<u>(159,885)</u>	<u>-</u>	<u>-</u>	<u>(159,885)</u>
Increase in net assets	3,121,700	(959,705)	-	2,161,995
Net assets, beginning of year	25,560,940	6,874,434	(276,546)	32,158,828
Net assets, end of year	<u>\$ 28,682,640</u>	<u>\$ 5,914,729</u>	<u>\$ (276,546)</u>	<u>\$ 34,320,823</u>

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