

**The Greater Boston Food Bank, Inc.
and Subsidiary**

**Consolidated Financial Statements
(with Supplementary Information) and
Independent Auditor's Report**

September 30, 2013 and 2012

**The Greater Boston Food Bank, Inc.
and Subsidiary**

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Greater Boston Food Bank, Inc. and Subsidiary (the "Food Bank"), which comprise the consolidated statement of financial position as of September 30, 2013, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Greater Boston Food Bank, Inc. and Subsidiary as of September 30, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements of The Greater Boston Food Bank, Inc. and Subsidiary as of September 30, 2012, were audited by other auditors whose report dated January 11, 2013, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 26-28 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations and is not a required part of the 2013 consolidated 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 2013 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2013 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 consolidated financial statements or to the 2013 consolidated 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 2013 consolidated 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 December 13, 2013 on our consideration of The Greater Boston Food Bank, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Greater Boston Food Bank's internal control over financial reporting and compliance.



Boston, Massachusetts
December 13, 2013

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Financial Position
September 30, 2013 and 2012**

	2013	2012
<u>Assets</u>		
Cash and cash equivalents	\$ 3,110,319	\$ 6,087,719
Investments	6,356,501	2,910,032
Accounts receivable, net of allowance for doubtful accounts of approximately \$4,000 at September 30, 2013 and 2012	1,708,276	1,279,904
Pledges receivable, net of discounts	73,100	195,490
Inventory	3,759,574	2,860,383
Cash restricted for investment in property and equipment	833,887	877,241
Leveraged loan receivable	12,994,750	12,994,750
Property, plant and equipment, net	26,186,183	27,580,758
Prepaid expenses and other assets	264,413	401,456
	\$ 55,287,003	\$ 55,187,733
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 724,467	\$ 621,534
Accrued expenses and other liabilities	960,547	1,033,562
Deferred revenue	213,983	299,675
Obligations under capital leases	704,745	567,660
New market tax credit loans	17,200,000	17,200,000
	19,803,742	19,722,431
Net assets		
Unrestricted		
Board designated	3,953,894	4,306,965
Other unrestricted	27,798,986	27,985,571
Total unrestricted	31,752,880	32,292,536
Temporarily restricted	3,730,381	3,172,766
	35,483,261	35,465,302
	\$ 55,287,003	\$ 55,187,733

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statement of Activities Year Ended September 30, 2013

	Unrestricted	Temporarily Restricted	Total
Operating:			
Support:			
Institutional contributions	\$ 3,335,446	\$ 1,823,747	\$ 5,159,193
Food donations	-	46,317,708	46,317,708
Contributed services	1,041,689	-	1,041,689
In-kind gifts	2,675	-	2,675
Special events	684,858	-	684,858
Individual contributions	6,449,952	14,971	6,464,923
Total support	11,514,620	48,156,426	59,671,046
Revenues:			
State income - MEFAP	12,711,872	-	12,711,872
Shared maintenance fees	892,821	-	892,821
Coop income	2,235,579	-	2,235,579
USDA reimbursement	384,105	-	384,105
Interest and dividends	571,137	-	571,137
Rental income, net of expenses of \$233,617	(53,617)	-	(53,617)
Other	113,786	-	113,786
Total revenues	16,855,683	-	16,855,683
Net assets released from restrictions:			
Food distribution	45,594,345	(45,594,345)	-
Satisfaction of donor restrictions	1,712,138	(1,712,138)	-
	47,306,483	(47,306,483)	-
Total support and revenues	75,676,786	849,943	76,526,729

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statement of Activities
Year Ended September 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Expenses:			
Program services:			
Food distribution	\$ 60,783,762	\$ -	\$ 60,783,762
Warehouse	2,060,709	-	2,060,709
Property	2,305,421	-	2,305,421
Member services	269,941	-	269,941
Nutrition programs	1,268,247	-	1,268,247
Food Acquisition Group	3,806,146	-	3,806,146
Total program services	<u>70,494,226</u>	<u>-</u>	<u>70,494,226</u>
Support services:			
General and administrative	2,444,925	-	2,444,925
Lobbying	21,567	-	21,567
Marketing	1,490,823	-	1,490,823
Development	2,057,229	-	2,057,229
Total support services	<u>6,014,544</u>	<u>-</u>	<u>6,014,544</u>
Total expenses	<u>76,508,770</u>	<u>-</u>	<u>76,508,770</u>
Increase (decrease) in net assets from operating activities	(831,984)	849,943	17,959
Non-operating activities:			
Net assets released from restrictions	<u>292,328</u>	<u>(292,328)</u>	<u>-</u>
Change in net assets	(539,656)	557,615	17,959
Net assets, beginning of year	<u>32,292,536</u>	<u>3,172,766</u>	<u>35,465,302</u>
Net assets, end of year	<u>\$ 31,752,880</u>	<u>\$ 3,730,381</u>	<u>\$ 35,483,261</u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statement of Activities
Year Ended September 30, 2012**

	Unrestricted	Temporarily Restricted	Total
Operating:			
Support:			
Institutional contributions	\$ 3,426,226	\$ 1,178,863	\$ 4,605,089
Food donations	-	39,300,249	39,300,249
Contributed services	614,989	-	614,989
In-kind gifts	2,300	-	2,300
Special events	759,177	900	760,077
Individual contributions	5,905,591	151,368	6,056,959
Total support	10,708,283	40,631,380	51,339,663
Revenues:			
State income - MEFAP	11,829,566	-	11,829,566
Shared maintenance fees	1,016,485	-	1,016,485
Coop income	1,983,608	-	1,983,608
USDA reimbursement	458,414	-	458,414
Interest and dividends	540,365	-	540,365
Rental income, net of expenses of \$393,940	(192,281)	-	(192,281)
Other	102,008	-	102,008
Total revenues	15,738,165	-	15,738,165
Net assets released from restrictions:			
Food distribution	38,688,631	(38,688,631)	-
Satisfaction of donor restrictions	1,433,549	(1,433,549)	-
	40,122,180	(40,122,180)	-
Total support and revenues	66,568,628	509,200	67,077,828

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statement of Activities
Year Ended September 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Expenses:			
Program services:			
Food distribution	\$ 52,618,587	\$ -	\$ 52,618,587
Warehouse	2,047,051	-	2,047,051
Property	2,270,193	-	2,270,193
Member services	263,202	-	263,202
Nutrition programs	1,174,757	-	1,174,757
Food Acquisition Group	3,324,343	-	3,324,343
Total program services	<u>61,698,133</u>	<u>-</u>	<u>61,698,133</u>
Support services:			
General and administrative	2,351,316	-	2,351,316
Lobbying	25,000	-	25,000
Marketing	1,209,736	-	1,209,736
Development	1,869,418	-	1,869,418
Total support services	<u>5,455,470</u>	<u>-</u>	<u>5,455,470</u>
 Total expenses:	 <u>67,153,603</u>	 <u>-</u>	 <u>67,153,603</u>
 Increase (decrease) in net assets from operating activities	 <u>(584,975)</u>	 <u>509,200</u>	 <u>(75,775)</u>
Non-operating activities:			
Loss on sale of property, plant and equipment	(40,286)	-	(40,286)
Net assets released from restrictions	<u>323,394</u>	<u>(323,394)</u>	<u>-</u>
 Increase (decrease) in net assets from non-operating activities	 <u>283,108</u>	 <u>(323,394)</u>	 <u>(40,286)</u>
 Change in net assets	 <u>(301,867)</u>	 <u>185,806</u>	 <u>(116,061)</u>
 Net assets, beginning of year	 <u>32,594,403</u>	 <u>2,986,960</u>	 <u>35,581,363</u>
 Net assets, end of year	 <u>\$ 32,292,536</u>	 <u>\$ 3,172,766</u>	 <u>\$ 35,465,302</u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended September 30, 2013

	Program Services						Support Services						Total
	Food Distribution	Warehouse	Property	Member Services	Nutrition Programs	Food Acquisition Group	Total Program Services	General and Administrative	Lobbying	Marketing	Development	Total Support Services	
Salaries	\$ -	\$ 1,480,076	\$ -	\$ 333,643	\$ 293,490	\$ 579,929	\$ 2,687,138	\$ 1,769,063	\$ -	\$ 432,961	\$ 674,203	\$ 2,876,227	\$ 5,563,365
Fringe benefits	-	422,577	-	101,163	90,872	136,354	750,966	398,518	-	83,439	154,558	636,515	1,387,481
Total salaries and fringe benefits	-	1,902,653	-	434,806	384,362	716,283	3,438,104	2,167,581	-	516,400	828,761	3,512,742	6,950,846
Day labor	-	252,126	-	13,762	-	-	265,888	20,683	-	23,580	-	44,263	310,151
Consulting	-	12,824	-	250	120	-	13,194	176,194	20,109	122,907	160,640	479,850	493,044
Other personnel costs	-	5,307	-	851	1,695	1,167	9,020	128,704	-	849	931	130,484	139,504
Professional development	-	716	-	990	3,021	2,410	7,137	13,628	-	1,205	1,241	16,074	23,211
Rubbish removal	-	38,250	-	-	-	-	38,250	-	-	-	-	-	38,250
Repairs and maintenance	-	235,013	-	-	-	-	235,013	420	-	-	-	420	235,433
Supplies	-	17,876	-	-	21,905	2,233	42,014	-	-	-	69	69	42,083
Utilities/security/insurance	-	239,464	-	3,709	3,454	3,709	250,336	11,418	-	3,393	5,164	19,975	270,311
Other building costs	-	42,326	-	-	244	6,717	49,287	10	-	-	-	10	49,297
Financing charges	-	-	-	-	-	272	272	51,348	-	-	-	51,348	51,620
Freight charges	-	-	-	-	-	1,533,895	1,533,895	2,415	-	-	-	2,415	1,536,310
Food distribution	45,723,462	-	-	-	-	-	45,723,462	-	-	-	-	-	45,723,462
Food purchases	15,060,300	-	-	-	-	-	15,060,300	-	-	-	-	-	15,060,300
Kitchen supplies	-	-	-	-	8,441	1,700	10,141	-	-	-	-	-	10,141
Fleet expense	-	227,888	-	2,059	-	-	229,947	9,424	-	-	-	9,424	239,371
Bank charges/processing fees	-	223	613,395	-	-	-	613,618	17,055	-	-	96,688	113,743	727,361
Computer maintenance and supplies	-	-	-	-	-	11	11	173,359	-	169	-	173,528	173,539
Other insurance	-	-	-	-	-	-	-	9,385	-	-	-	9,385	9,385
Legal and audit	-	-	-	-	-	-	-	279,861	-	-	-	279,861	279,861
Postage and printing	-	8	-	915	6,721	3,077	10,721	7,510	508	85,058	669,051	762,127	772,848
Advertising	-	-	-	-	-	2,349	2,349	4,770	-	814,555	-	819,325	821,674
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	241,425	241,425	241,425
Office expense	-	187,509	250	40,225	18,668	25,635	272,287	139,725	-	27,364	33,227	200,316	472,603
Staff travel	-	14,250	-	5,998	10,464	11,732	42,444	40,571	950	3,520	20,032	65,073	107,517
Feeding America fees	-	-	-	-	-	-	-	32,762	-	-	-	32,762	32,762
Volunteer expense	-	-	-	-	1,373	-	1,373	3,312	-	-	-	3,312	4,685
Depreciation and amortization	-	-	1,691,776	-	-	-	1,691,776	-	-	-	-	-	1,691,776
Allocated expenses	-	(1,115,724)	-	(233,624)	807,779	1,494,956	953,387	(845,210)	-	(108,177)	-	(953,387)	-
	\$ 60,783,762	\$ 2,060,709	\$ 2,305,421	\$ 269,941	\$ 1,268,247	\$ 3,806,146	\$ 70,494,226	\$ 2,444,925	\$ 21,567	\$ 1,490,823	\$ 2,057,229	\$ 6,014,544	\$ 76,508,770

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended September 30, 2012

	Total Program Services							Total Support Services						Total
	Food Distribution	Warehouse	Property	Member Services	Nutrition Programs	Food Acquisition Group	Total Program Services	General and Administrative	Lobbying	Marketing	Development	Total Support Services		
Salaries	\$ -	\$ 1,213,846	\$ -	\$ 318,258	\$ 304,697	\$ 551,539	\$ 2,388,340	\$ 1,507,040	\$ -	\$ 336,576	\$ 733,895	\$ 2,577,511	\$ 4,965,851	
Fringe benefits	-	380,816	-	91,722	91,784	143,516	707,838	343,854	-	63,273	178,102	585,229	1,293,067	
Total salaries and fringe benefits	-	1,594,662	-	409,980	396,481	695,055	3,096,178	1,850,894	-	399,849	911,997	3,162,740	6,258,918	
Day labor	-	339,118	-	8,391	-	-	347,509	19,247	-	59,372	10,816	89,435	436,944	
Contract labor	-	-	-	-	-	-	-	-	-	23,564	498	24,062	24,062	
Consulting	-	13,948	-	-	21,070	-	35,018	212,267	25,000	175,685	60,322	473,274	508,292	
Other personnel costs	-	2,254	-	1,028	1,100	1,947	6,329	147,189	-	4,016	1,111	152,316	158,645	
Professional development	-	2,025	-	264	2,466	1,960	6,715	13,062	-	1,220	2,624	16,906	23,621	
Rubbish removal	-	52,631	-	-	-	-	52,631	-	-	-	-	-	52,631	
Repairs and maintenance	-	209,368	-	-	-	-	209,368	4,685	-	-	-	4,685	214,053	
Supplies	-	13,770	-	45	6,264	-	20,079	2,404	-	38	-	2,442	22,521	
Utilities/security/insurance	-	233,240	-	3,910	4,134	3,910	245,194	11,426	-	3,577	4,881	19,884	265,078	
Other building costs	-	33,235	-	-	494	-	33,729	-	-	-	-	-	33,729	
Financing charges	-	-	-	-	-	-	-	51,348	-	-	-	-	51,348	
Freight charges	-	-	-	-	-	1,404,592	1,404,592	-	-	-	-	-	1,404,592	
Food distribution	38,580,875	-	-	-	-	-	38,580,875	-	-	-	-	-	38,580,875	
Food purchases	14,037,712	-	-	-	-	-	14,037,712	-	-	-	-	-	14,037,712	
Kitchen supplies	-	-	-	-	12,519	-	12,519	-	-	-	82	82	12,601	
Fleet expense	-	260,725	-	1,017	-	-	261,742	347	-	-	40	387	262,129	
Bank charges/processing fees	-	49	607,834	-	-	-	607,883	13,500	-	-	85,189	98,689	706,572	
Computer maintenance and supplies	-	-	-	-	-	-	-	137,760	-	50	101	137,911	137,911	
Other insurance	-	-	-	-	-	-	-	8,106	-	-	-	8,106	8,106	
Legal and audit	-	-	-	-	-	-	-	372,551	-	-	6,000	378,551	378,551	
Postage and printing	-	11	-	962	3,696	3,874	8,543	3,995	-	225,392	416,413	645,800	654,343	
Advertising	-	-	-	210	-	968	1,178	6,509	-	369,393	1,201	377,103	378,281	
Public relations	-	-	-	-	-	-	-	-	-	313	-	313	313	
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	265,695	265,695	265,695	
Office expense	-	184,890	250	20,549	20,788	27,511	253,988	97,265	-	53,188	88,812	239,265	493,253	
Staff travel	-	11,009	-	3,080	9,243	10,000	33,332	32,168	-	3,012	13,636	48,816	82,148	
Feeding America fees	-	-	-	-	-	-	-	30,105	-	-	-	30,105	30,105	
Volunteer expense	-	-	-	-	130	-	130	8,335	-	-	-	8,335	8,465	
Depreciation and amortization	-	-	1,662,109	-	-	-	1,662,109	-	-	-	-	-	1,662,109	
Allocated expenses	-	(903,884)	-	(186,234)	696,372	1,174,526	780,780	(671,847)	-	(108,933)	-	(780,780)	-	
	\$ 52,618,587	\$ 2,047,051	\$ 2,270,193	\$ 263,202	\$ 1,174,757	\$ 3,324,343	\$ 61,698,133	\$ 2,351,316	\$ 25,000	\$ 1,209,736	\$ 1,869,418	\$ 5,455,470	\$ 67,153,603	

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Cash Flows
Years Ended September 30, 2013 and 2012**

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 17,959	\$ (116,061)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,703,612	1,670,469
Loss on sale of property, plant and equipment	-	40,286
Unrealized loss on investments	8,405	-
Change in pledge discount	(16,475)	-
Changes in operating assets and liabilities		
Accounts receivable	(428,372)	490,871
Pledges receivable	138,865	491,969
Inventory	(899,191)	(570,365)
Prepaid expenses and other assets	137,043	(11,287)
Accounts payable	102,933	(405,717)
Accrued expenses and other liabilities	(73,015)	248,766
Deferred revenue	(85,692)	(975,622)
Net cash provided by operating activities	606,072	863,309
Cash flows from investing activities:		
Purchase of investments	(11,985,874)	(2,910,032)
Sale of investments	8,531,000	-
Purchases of property, plant and equipment	(56,963)	(233,899)
Net cash used in investing activities	(3,511,837)	(3,143,931)
Cash flows from financing activities:		
Cash restricted for investment in property and equipment	43,354	(65,995)
Repayments of obligations under capital leases	(114,989)	(96,279)
Net cash used in financing activities	(71,635)	(162,274)
Net decrease in cash and cash equivalents	(2,977,400)	(2,442,896)
Cash and cash equivalents - beginning of year	6,087,719	8,530,615
Cash and cash equivalents - end of year	\$ 3,110,319	\$ 6,087,719
Supplemental disclosures of cash flow data:		
Cash paid during the year for interest	\$ 601,145	\$ 602,808
Supplemental disclosures of noncash investing and financing activities:		
Acquisition of property and equipment	\$ 309,037	\$ 504,960
Equipment funded through capital lease obligations	252,074	271,061
Total cash paid	\$ 56,963	\$ 233,899

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1 - Nature of operations

Organization

The Greater Boston Food Bank, Inc. was established in 1981 to end 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 the nine counties of Eastern Massachusetts. The Greater Boston Food Bank, Inc. 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 3 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 Avenue, Boston, Massachusetts for the exclusive use and benefit of The Greater Boston Food Bank, Inc. Together, Greater Boston Food Bank, Inc. and GBFB Realty, Inc. are referred to as "The Food Bank".

Note 2 - Summary of significant accounting policies

Basis of presentation

The accompanying consolidated financial statements 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 intercompany accounts and transactions have been eliminated in consolidation.

The Food Bank prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP") which require that net assets 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.

US GAAP also requires that unconditional promises to give (pledges) be recorded as receivables and support, and requires that organizations distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. All pledges are recorded as restricted until they become due or donor restrictions are relieved, whichever is later.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Included in unrestricted net assets are Board of Directors designated net assets of \$3,953,894 and \$4,306,965 as of September 30, 2013 and 2012, respectively. The Board of Directors of The Food Bank has established this designation 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.

Income taxes

The Internal Revenue Service has recognized The Food Bank as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the "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. The Food Bank recognizes interest accrued and penalties, if applicable, related to unrecognized tax benefits in income tax expense. The Food Bank does not expect any significant changes in the next twelve months. The open years for Federal and state returns include 2009 through 2012.

Estimates

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

Cash and cash equivalents

Cash and cash equivalents consist of certificates of deposit, money market accounts and repurchase agreements with original maturities of three months or less when purchased. Cash and cash equivalents are carried at cost which approximates fair value.

Restricted cash

Cash restricted for investment in property and equipment consists of money market accounts, certificates of deposit and checking accounts that are donor restricted to investment in property, plant and equipment for the building at 70 South Bay Avenue, Boston, Massachusetts.

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 determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off against the allowance account when deemed uncollectible.

Pledges receivable

Pledges receivable are primarily from individuals and foundations. 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-adjusted rate of return. This rate may change from year to year as a result of the general level of interest rates. The rates ranged from 1-4% for both years ended September 30, 2013 and 2012.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements

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, 2013 and 2012.

Pledges are expected to be collected as follows:

	2013	2012
In one year or less	\$ 87,415	\$ 197,710
Between one and five years	-	28,570
	87,415	226,280
Less: discounts to net present value	14,315	30,790
Total pledges receivable, net	\$ 73,100	\$ 195,490

Concentrations of credit risk

Financial instruments which potentially subject The Food Bank to concentrations of credit risk consist principally of cash and cash equivalents, restricted cash balances, accounts receivable, and pledges receivable. The Food Bank places its cash and cash equivalents and restricted cash balances in highly rated financial institutions, which are regularly reviewed by senior management for financial stability. As of September 30, 2013 and 2012, the Food Bank had cash deposits of \$4,600,000 and \$3,322,000 and investment deposits of \$4,900,000 and \$500,500, respectively, in excess of Federal Deposit Insurance Corporation (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 550 not-for-profit member agencies and organizations. The Food Bank does not believe there are any concentrations of credit risk amongst the member agencies and organizations.

Inventory

Inventory consists of perishable and non-perishable foods and related products. Inventory acquired under the United States Department of Agriculture ("USDA"), Massachusetts Emergency Food Assistance Program ("MEFAP"), donated inventory, and "Coop" program is stated at the values shown below:

Inventory Type	September 30, 2013	September 30, 2012
USDA	USDA Provided Value	USDA Provided Value
MEFAP	Cost (FIFO)	Cost (FIFO)
Donated Inventory	\$1.69/pound	\$1.66/pound
Coop Program	Cost (FIFO)	Cost (FIFO)

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 dated June 2013 and May 2012 prepared for Feeding America.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Revenue recognition

Foundation, corporate and individual gifts and grants

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue, depending on the existence and/or nature of any donor restrictions. Revenue that is restricted is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Contributions are recognized when the donor makes a promise to give to the Food Bank that is, in substance, unconditional. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Gifts of land, building and equipment are presented as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as temporarily restricted revenue. Absent explicit donor stipulations concerning how long those long-lived assets must be maintained, the Food Bank reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Food Bank's activities). Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Conditional promises to give are not included in revenue until the conditions are substantially met.

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 USDA. At September 30, 2013, accounts receivable relating to this program amounted to \$216,140. There was no accounts receivable related to this program at September 30, 2012.

MEFAP

The Food Bank has also 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 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.

Amounts received in advance are shown as deferred revenue. At September 30, 2013 and 2012, deferred revenue from MEFAP was \$213,983 and \$287,451, respectively. The Food Bank had a receivable from the MDE in the amount of \$999,735 and \$925,780 for the years ended September 30, 2013 and 2012, respectively.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Shared maintenance

Based on Feeding America's contract, 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 on many of their items, excluding produce items. This fee offsets a portion of the handling and redistribution costs incurred by The Food Bank.

Coop program

The Food Bank operates a Coop program where the Food Bank purchases food from wholesale distributors then sells it to agencies at no markup for food items and a small markup for non-food items.

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.

Contract and agency revenue and deferred revenue

Contract and agency revenue is recognized when the corresponding program expenditures are made in accordance with the terms of the related contracts. Deferred revenue represents the unearned portion of installment payments received against program expenditures not yet incurred.

Property, plant and equipment

Disbursements 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 over the estimate useful lives of the assets on a straight-line basis as follows:

<u>Description</u>	<u>Years</u>
Buildings and improvements	15-30
Equipment, furniture and fixtures	5-10
Computer software	1-5
Trucks and automobiles	5

The Food Bank reviews its long-lived assets for impairment using an undiscounted cash flow method whenever events or circumstances indicate the carrying value of the asset may not be recoverable. There were no impairment losses related to long-lived assets in 2013 or 2012.

Investments

Investments consist of mutual funds and certificates of deposit. They are carried at fair value which is determined by quoted market prices. Investments are exposed to various risks such as interest rate, credit, and overall market volatility.

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.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements

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, releases of net asset restrictions for payments of debt, and any gains or losses resulting from normal business transactions.

Advertising

Advertising costs are expensed as incurred and amounted to \$821,674 and \$378,281 for the years ended September 30, 2013 and 2012, respectively. Included in advertising expense is \$588,302 and \$120,853 of contributed advertising for the years ended September 30, 2013 and 2012, respectively, see Note 12.

Deferred financing costs

Administrative, legal, insurance and other direct expenses relating to the issuance of long-term debt are capitalized and included in prepaid expenses and other assets in the Statements of Financial Position. Amortization of these costs is recognized over the term of the debt on a straight-line basis.

The balance of deferred financing costs was \$74,488 and \$117,064 at September 30, 2013 and 2012, respectively. Amortization expense for each of the years ended September 30, 2013 and 2012 was \$42,576.

Reclassification

Certain prior year financial information has been reclassified to conform to the current year presentation.

Subsequent events

Subsequent events have been evaluated through December 13, 2013, which is the date the financial statements were available to be issued.

Note 3 - Restrictions on net 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, 2013 and 2012, temporarily restricted net assets are restricted for the following purposes:

	2013	2012
Capital Campaign gifts	\$ 562,866	\$ 840,223
Food distribution	2,823,394	2,100,031
Purpose restricted gifts	344,121	232,509
Totals	<u>\$3,730,381</u>	<u>\$ 3,172,763</u>

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 4 - Food distribution

For the years ended September 30, 2013 and 2012, The Food Bank distributed approximately 47,709,780 and 40,847,476 pounds of food, respectively. The value of these distributions is reflected in the accompanying consolidated statements of activities at cost if purchased and at \$1.69 and \$1.66 per pound if donated in 2013 and 2012, 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 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 elects not to accept but subsequently refers those pounds to other regional food banks under guidelines established by Feeding America.

For the years ended September 30, 2013 and 2012 the Food Bank enabled approximately 1,011,812 and 0 pounds of food, respectively. For the years ended September 30, 2013 and 2012, The Food Bank referred approximately 358,040 and 575,975 pounds of food, respectively. The value of these enabled and referred pounds is approximately \$2,683,360 and \$956,119 for the years ended September 30, 2013 and 2012, respectively.

Note 5 - Property, plant and equipment, net

Property, plant and equipment at September 30, 2013 and 2012 consist of the following:

	2013	2012
Land	\$ 2,579,923	\$ 2,579,923
Buildings and improvements	27,083,101	27,083,098
Equipment, furniture and fixtures	1,956,845	1,912,346
Computer software	909,095	896,636
Trucks and automobiles	1,753,784	1,501,710
	34,282,748	33,973,713
Less: accumulated depreciation and amortization	8,096,565	6,392,955
	\$ 26,186,183	\$27,580,758

Depreciation and amortization expense was \$1,703,612 and \$1,670,469 for the years ended September 30, 2013 and 2012, respectively.

Note 6 - Retirement plans

Defined contribution retirement plan

The Food Bank has a defined contribution retirement savings plan (the "Plan") for all eligible employees. Employees had the ability to contribute pretax and after tax dollars pay and may invest in twenty one mutual funds through ING Life Insurance and Annuity Company through August 31, 2013. On September 1, 2013, the Food Bank transferred the Plan's investments to Principal Financial Group.

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Notes to Consolidated Financial Statements

At the Food Bank's discretion, an employer matching contribution is approved each year. For the fiscal years 2013 and 2012, 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 \$47,249 and \$43,505 for the years ended September 30, 2013 and 2012, respectively.

Note 7 - 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, 2013 and 2012. The imputed interest rates range from 7.7% to 14.1%. A summary of capitalized lease cost and accumulated amortization as of September 30, 2013 and 2012 is as follows:

	2013	2012
Cost	\$1,145,922	\$ 893,848
Accumulated amortization	(594,783)	(443,669)
Net book value	\$ 551,139	\$ 450,179

For the years ended September 30, 2013 and 2012, amortization expense amounted to \$151,114 and \$107,566, respectively.

The following is a schedule by year 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, 2013:

	Amount
2014	\$ 177,087
2015	168,806
2016	168,806
2017	168,806
2018	135,855
Thereafter	59,798
Total minimum lease payments	879,158
Less amount representing interest	174,413
Net present value of future minimum lease payments	\$ 704,745

Note 8 - 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 have 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 ("USBCDC") to invest \$5,255,250 in the Boston Food Bank Investment Fund (the "Investment Fund"). In addition, The Food Bank

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Notes to Consolidated Financial Statements

made a loan of \$12,994,750 from the proceeds of the Series 2008A Bonds to the Investment Fund ("Leveraged Loan"). Interest on the Leveraged Loan is payable at a per annum rate of 4% commencing on the 20th of each month until July 20, 2022, when payments of principal and interest begin. The Leveraged Loan matures on July 1, 2038.

The Investment Fund used the consolidated 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, Inc. 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 on 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	2,753,750	2.25%
	12,250,000	
New Opportunities Loan A	3,498,500	4.00%
New Opportunities Loan B	1,451,500	0.77%
	4,950,000	
Total new market tax credit loans	\$17,200,000	

Simultaneously with the new market 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.

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. Between July 12, 2014 and January 8, 2015, the USBCDC has a right and option, but not an obligation, to require The Food Bank to purchase all of USBCDC's interest in the Investment Fund for a put exercise price of \$1,000. If the put is not exercised, then The Food Bank has the option, during the period January 9, 2015 to July 8, 2015, to purchase USBCDC's interest in the Investment Fund.

The Food Bank would record any gain associated with either option at the date it is exercised. The options do not represent embedded derivatives and, accordingly, have not been accounted for as derivative instruments in the consolidated financial statements.

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Notes to Consolidated Financial Statements

Interest expense related to the NMTC Loans for the years ended September 30, 2013 and 2012 was \$601,145 and \$602,808, respectively. Interest income related to the Leveraged Loan for the years ended September 30, 2013 and 2012 was \$527,009 and \$528,453, respectively.

Note 9 - Fair value measurements

The Food Bank has characterized its financial assets into a three-level fair value hierarchy based on the priority of the inputs used to value these assets. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial assets fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the asset. Financial assets recorded in the consolidated statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1: These are assets where values are based on unadjusted quoted prices for identical assets in an active market to which The Food Bank has access.

Level 2: These are assets where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: These are assets where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the assumptions of management about assumptions market participants would use in pricing the investments.

The fair value of The Food Bank's investments that are reported in the accompanying consolidated statement of financial position as of September 30, 2013 were as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds – short term Federal	\$4,899,118	\$ -	\$ -	\$4,899,118
Certificates of deposit	1,429,303	-	-	1,429,303
Common stocks				
Basic materials	24,884	-	-	24,884
Industrial goods	3,196	-	-	3,196
	<u>\$6,356,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$6,356,501</u>

The fair value was as follows at September 30, 2012:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 500,500	\$ -	\$ -	\$ 500,500
Certificates of deposit	2,409,532	-	-	2,409,532
	<u>\$2,910,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,910,032</u>

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2013 and 2012.

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Notes to Consolidated Financial Statements

Investments in mutual funds, certificates of deposit and common stocks are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Such prices represent the net asset value of shares held by The Food Bank at year end.

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

Note 10 - Investments

Investments are recorded at fair value. Changes in fair value are reflected in the statement of activities as gains or losses on investments. The fair value was as follows at September 30, 2013 and 2012, respectively:

	2013	2012
Mutual funds	\$4,899,118	\$ 500,500
Certificates of deposit	1,429,303	2,409,532
Common stocks	28,080	-
Totals	\$6,356,501	\$ 2,910,032

Note 11 - In-kind gifts

The value of in-kind gifts are recognized as support at estimated fair market value at the time that the gifts are received with an equal and offsetting amount included in the appropriate asset or expense category, as applicable. For the years ended September 30, 2013 and 2012, the value of in-kind gifts received was \$2,675 and \$2,300, respectively.

Note 12 - Contributed services

The value of 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, 2013 and 2012, all donated services were expenses and consisted of the following:

	2013	2012
Auditing	\$ 68,000	\$ 55,000
Legal	260,909	374,559
Consulting	109,200	60,000
Advertising	588,302	120,853
Other	15,278	-
Office furniture	-	4,577
Totals	\$1,041,689	\$ 614,989

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 13 - Rental income

Included in the rental expense for the years ended September 30, 2013 and 2012 is \$11,836 and \$8,360 of depreciation expense, respectively.

The Food Bank rents a billboard to unrelated third parties. In February 2012, the Food Bank terminated its agreement with the tenant. As a result of the termination of the initial agreement, the Food Bank wrote off approximately \$105,000 of amounts it expected to receive under the initial agreement. The termination of the initial agreement is the subject of litigation, the outcome of which is uncertain. The Food Bank believes that a loss, if any, would be immaterial.

In March 2012, the Food Bank entered into a different agreement with a new tenant. The lease requires monthly rental payments of \$15,000 through May 2017. Future payments to be received under this rental agreement for the years subsequent to September 30, 2013 are as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2014	\$ 180,000
2015	180,000
2016	180,000
2017	120,000
Total	<u>\$ 660,000</u>

Note 14 - Operating lease commitments

The Food Bank leases office and warehouse equipment under operating lease arrangements extending through June 2017. The approximate aggregate minimum lease payments for noncancellable lease arrangements related to this equipment is \$17,000 for the year ended September 30, 2013.

Future minimum lease payments for years subsequent to September 30, 2013 are as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2014	\$ 23,723
2015	19,459
2016	10,932
2017	8,034
Total	<u>\$ 62,148</u>

Equipment rent expense amounted to \$17,656 and \$80,818 for the years ended September 30, 2013 and 2012, respectively.

Note 15 - Related party transactions

The Food Bank leases its warehouse and office facilities from GBFB Realty, Inc., which is part of the consolidated group, under a 30 year lease expiring June 30, 2039. The lease provides for minimum monthly lease payments. Rental income and expense are being recognized on a straight-line basis over a 7 year period from the lease inception which is the probable effective lease period. Rental income and expense under the agreement totaled \$630,000 in both 2013 and 2012 and have been eliminated in consolidation.

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A member of The Food Bank's Board of Directors is employed by Bank of New York Mellon ("BNY Mellon"). During 2012, BNY Mellon performed compliance testing for The Food Bank and was handled by divisions within BNY Mellon that are not under supervision or control of the Board member. Any decisions, communications, and interactions with BNY Mellon were conducted by The Food Bank's staff and Board Treasurer. Total fees paid to BNY Mellon for the year ended September 30, 2012 totaled approximately \$6,000. There were no fees paid to BNY Mellon for the year ended September 30, 2013.

Note 16 - Concentrations of risk

For the years ended September 30, 2013 and 2012 approximately 17% and 18%, respectively, of The Food Bank's total support and revenues were derived from the Massachusetts Emergency Food Assistance Program (MEFAP).

For the year ended September 30, 2013 approximately 61% of The Food Bank's total food purchases were from three vendors. For the year ended September 30, 2012 approximately 84% of The Food Bank's total food purchases were from two vendors.

For the years ended September 30, 2013 and 2012 approximately 24% and 26%, respectively, of the total food distributed was MEFAP food and 18% and 11% was USDA food.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidating Statement of Financial Position
September 30, 2013**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
<u>Assets</u>				
Cash and cash equivalents	\$ 3,026,981	\$ 83,338	\$ -	\$ 3,110,319
Investments	6,356,501	-	-	6,356,501
Accounts receivable, net of allowance for doubtful accounts of \$4,000	9,662,084	444,011	(8,397,819)	1,708,276
Pledges receivable, net	73,100	-	-	73,100
Inventory	3,759,574	-	-	3,759,574
Cash restricted for investment in property and equipment	833,887	-	-	833,887
Leveraged loan receivable	12,994,750	-	-	12,994,750
Property, plant and equipment, net	2,711,397	23,751,332	(276,546)	26,186,183
Prepaid expenses and other assets	158,523	105,890	-	264,413
	<u>\$ 39,576,797</u>	<u>\$ 24,384,571</u>	<u>\$ (8,674,365)</u>	<u>\$ 55,287,003</u>
<u>Liabilities and Net Assets</u>				
Liabilities:				
Accounts payable	\$ 3,435,997	\$ 5,686,289	\$ (8,397,819)	\$ 724,467
Accrued expenses and other liabilities	960,547	-	-	960,547
Deferred revenue	213,983	-	-	213,983
Obligations under capital leases	704,745	-	-	704,745
New market tax credit loans	-	17,200,000	-	17,200,000
	<u>5,315,272</u>	<u>22,886,289</u>	<u>(8,397,819)</u>	<u>19,803,742</u>
Net assets:				
Unrestricted				
Board designated	3,953,894	-	-	3,953,894
Other unrestricted	26,577,250	1,498,282	(276,546)	27,798,986
Total unrestricted	<u>30,531,144</u>	<u>1,498,282</u>	<u>(276,546)</u>	<u>31,752,880</u>
Temporarily restricted	<u>3,730,381</u>	<u>-</u>	<u>-</u>	<u>3,730,381</u>
	<u>34,261,525</u>	<u>1,498,282</u>	<u>(276,546)</u>	<u>35,483,261</u>
	<u>\$ 39,576,797</u>	<u>\$ 24,384,571</u>	<u>\$ (8,674,365)</u>	<u>\$ 55,287,003</u>

See Independent Auditor's Report.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidating Statement of Activities
Year Ended September 30, 2013**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Operating:				
Support:				
Institutional contributions	\$ 5,159,193	\$ -	\$ -	\$ 5,159,193
Food donations	46,317,708	-	-	46,317,708
Contributed services	1,041,689	-	-	1,041,689
In-kind gifts	2,675	-	-	2,675
Special events	684,858	-	-	684,858
Individual contributions	6,464,923	-	-	6,464,923
Total support	<u>59,671,046</u>	<u>-</u>	<u>-</u>	<u>59,671,046</u>
Revenues:				
State income - MEFAP	12,711,872	-	-	12,711,872
Shared maintenance fees	892,821	-	-	892,821
Coop income	2,235,579	-	-	2,235,579
USDA reimbursement	384,105	-	-	384,105
Interest and dividends	571,137	-	-	571,137
Rental income, net of expenses of \$233,617	(53,617)	630,000	(630,000)	(53,617)
Other	113,786	-	-	113,786
Total revenues	<u>16,855,683</u>	<u>630,000</u>	<u>(630,000)</u>	<u>16,855,683</u>
Total support and revenues	<u>76,526,729</u>	<u>630,000</u>	<u>(630,000)</u>	<u>76,526,729</u>

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidating Statement of Activities
Year Ended September 30, 2013**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Expenses:				
Program services:				
Food distribution	\$ 60,783,762	\$ -	\$ -	\$ 60,783,762
Warehouse	2,060,709	-	-	2,060,709
Property	912,666	2,022,755	(630,000)	2,305,421
Member services	269,941	-	-	269,941
Nutrition programs	1,268,247	-	-	1,268,247
Food Acquisition Group	3,806,146	-	-	3,806,146
Total program services	<u>69,101,471</u>	<u>2,022,755</u>	<u>(630,000)</u>	<u>70,494,226</u>
Support services:				
General and administrative	2,393,577	51,348	-	2,444,925
Lobbying	21,567	-	-	21,567
Marketing	1,490,823	-	-	1,490,823
Development	2,057,229	-	-	2,057,229
Total support services	<u>5,963,196</u>	<u>51,348</u>	<u>-</u>	<u>6,014,544</u>
Total expenses	<u>75,064,667</u>	<u>2,074,103</u>	<u>(630,000)</u>	<u>76,508,770</u>
Change in net assets	1,462,062	(1,444,103)	-	17,959
Net assets, beginning of year	<u>32,799,463</u>	<u>2,942,385</u>	<u>(276,546)</u>	<u>35,465,302</u>
Net assets, end of year	<u>\$ 34,261,525</u>	<u>\$ 1,498,282</u>	<u>\$ (276,546)</u>	<u>\$ 35,483,261</u>

See Independent Auditor's Report.