

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

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

September 30, 2014 and 2013

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 ("GBFB"), which comprise the consolidated statements of financial position as of September 30, 2014 and 2013, and the related consolidated statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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. The financial statements of the Subsidiary of The Greater Boston Food Bank, Inc. were not audited in accordance with *Government Auditing Standards* as discussed in Note 1 in the Notes to the Schedule of Federal Expenditures of Federal Awards.

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, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 25-27 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 2014 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 2014 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2014 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 2014 consolidated financial statements or to the 2014 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 2014 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 12, 2014 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 12, 2014

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Financial Position
September 30, 2014 and 2013**

	2014	2013
<u>Assets</u>		
Cash and cash equivalents	\$ 5,629,734	\$ 3,110,319
Investments	5,664,063	6,356,501
Accounts receivable, net of allowance for doubtful accounts of approximately \$4,000 at September 30, 2014 and 2013	1,594,485	1,708,276
Pledges receivable, net of discounts	57,865	73,100
Inventory	3,263,069	3,759,574
Cash restricted for investment in property and equipment	849,570	833,887
Leveraged loan receivable	12,994,750	12,994,750
Property, plant and equipment, net	25,065,852	26,186,183
Prepaid expenses and other assets	244,376	264,413
Total assets	\$ 55,363,764	\$ 55,287,003
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 846,011	\$ 724,467
Accrued expenses and other liabilities	1,372,008	960,547
Deferred revenue	538,727	213,983
Obligations under capital leases	740,767	704,745
New market tax credit loans	17,200,000	17,200,000
Total liabilities	20,697,513	19,803,742
Commitments		
Net assets:		
Unrestricted		
Board designated	5,168,317	3,953,894
Other unrestricted	26,205,626	27,798,986
Total unrestricted	31,373,943	31,752,880
Temporarily restricted	3,292,308	3,730,381
Total net assets	34,666,251	35,483,261
Total liabilities and net assets	\$ 55,363,764	\$ 55,287,003

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statement of Activities
Year Ended September 30, 2014**

	Unrestricted	Temporarily Restricted	Total
Operating:			
Support:			
Institutional contributions	\$ 3,846,496	\$ 1,471,454	\$ 5,317,950
Food donations	-	49,706,843	49,706,843
Contributed services	1,586,871	-	1,586,871
Special events	676,985	-	676,985
Individual contributions	7,578,137	11,560	7,589,697
Total support	13,688,489	51,189,857	64,878,346
Revenues:			
State income - MEFAP	13,287,464	-	13,287,464
Shared maintenance fees	901,344	-	901,344
Coop income	2,983,449	-	2,983,449
USDA reimbursement	445,369	-	445,369
Interest and dividends	584,219	-	584,219
Rental income, net of expenses of \$473,696	(293,696)	-	(293,696)
Other	121,427	-	121,427
Total revenues	18,029,576	-	18,029,576
Net assets released from restrictions:			
Food distribution	50,145,364	(50,145,364)	-
Satisfaction of donor restrictions	1,410,116	(1,410,116)	-
	51,555,480	(51,555,480)	-
Total support and revenues	83,273,545	(365,623)	82,907,922

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statement of Activities
Year Ended September 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Expenses:			
Program services:			
Food distribution	\$ 66,762,933	\$ -	\$ 66,762,933
Warehouse	2,206,139	-	2,206,139
Property	2,173,320	-	2,173,320
Agency relations	383,765	-	383,765
Nutrition programs	1,245,209	-	1,245,209
Food Acquisition Group	4,137,437	-	4,137,437
Child development	60,045	-	60,045
Total program services	<u>76,968,848</u>	<u>-</u>	<u>76,968,848</u>
Support services:			
General and administrative	2,672,073	-	2,672,073
Lobbying	31,684	-	31,684
Marketing	1,764,312	-	1,764,312
Development	2,297,015	-	2,297,015
Total support services	<u>6,765,084</u>	<u>-</u>	<u>6,765,084</u>
 Total expenses	 <u>83,733,932</u>	 <u>-</u>	 <u>83,733,932</u>
 Decrease in net assets from operating activities	 <u>(460,387)</u>	 <u>(365,623)</u>	 <u>(826,010)</u>
Non-operating activities:			
Gain on sale of property, plant and equipment	9,000	-	9,000
Net assets released from restrictions	72,450	(72,450)	-
 Increase (decrease) in net assets from non-operating activities	 <u>81,450</u>	 <u>(72,450)</u>	 <u>9,000</u>
 Change in net assets	 <u>(378,937)</u>	 <u>(438,073)</u>	 <u>(817,010)</u>
 Net assets, beginning of year	 <u>31,752,880</u>	 <u>3,730,381</u>	 <u>35,483,261</u>
 Net assets, end of year	 <u>\$ 31,373,943</u>	 <u>\$ 3,292,308</u>	 <u>\$ 34,666,251</u>

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	\$ 3,338,121	\$ 1,823,747	\$ 5,161,868
Food donations	-	46,317,708	46,317,708
Contributed services	1,041,689	-	1,041,689
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

	Unrestricted	Temporarily Restricted	Total
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
Agency relations	269,941	-	269,941
Nutrition programs	1,268,247	-	1,268,247
Food Acquisition Group	3,806,146	-	3,806,146
Total program services	70,494,226	-	70,494,226
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	6,014,544	-	6,014,544
Total expenses	76,508,770	-	76,508,770
Increase (decrease) in net assets from operating activities	(831,984)	849,943	17,959
Non-operating activities:			
Net assets released from restrictions	292,328	(292,328)	-
Change in net assets	(539,656)	557,615	17,959
Net assets, beginning of year	32,292,536	3,172,766	35,465,302
Net assets, end of year	\$ 31,752,880	\$ 3,730,381	\$ 35,483,261

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended September 30, 2014

	Program Services							Support Services					Total	
	Food Distribution	Warehouse	Property	Agency Relations	Nutrition Programs	Food Acquisition Group	Child Development	Total Program Services	General and Administrative	Lobbying	Marketing	Development		Total Support Services
Salaries	\$ -	\$ 1,539,035	\$ -	\$ 404,678	\$ 304,274	\$ 662,157	\$ -	\$ 2,910,144	\$ 1,797,083	\$ -	\$ 405,586	\$ 842,655	\$ 3,045,324	\$ 5,955,468
Fringe benefits	-	423,351	-	115,118	87,805	133,050	-	759,324	438,825	-	73,366	201,190	713,381	1,472,705
Total salaries and fringe benefits	-	1,962,386	-	519,796	392,079	795,207	-	3,669,468	2,235,908	-	478,952	1,043,845	3,758,705	7,428,173
Day labor	-	284,412	-	7,371	-	-	-	291,783	21,831	-	-	-	21,831	313,614
Consulting	-	93,426	-	-	-	-	60,045	153,471	286,818	31,684	136,046	79,594	534,142	687,613
Other personnel costs	-	6,993	-	821	996	1,626	-	10,436	171,296	-	546	2,606	174,448	184,884
Professional development	-	2,180	-	-	2,932	2,064	-	7,176	9,673	-	6,669	2,945	19,287	26,463
Rubbish removal	-	24,651	-	-	-	-	-	24,651	-	-	-	-	-	24,651
Repairs and maintenance	-	205,349	-	-	-	-	-	205,349	-	-	-	-	-	205,349
Supplies	-	14,754	-	1,560	5,216	-	-	21,530	1,072	-	-	-	1,072	22,602
Utilities/security/insurance	-	213,976	-	3,427	3,169	3,609	-	224,181	11,969	-	2,979	6,030	20,978	245,159
Other building costs	-	52,801	-	443	-	1,162	-	54,406	-	-	-	-	-	54,406
Financing charges	-	-	-	440	-	480	-	920	51,348	-	-	-	51,348	52,268
Freight charges	-	6,075	-	-	-	1,840,192	-	1,846,267	-	-	-	-	-	1,846,267
Food distribution	50,144,488	-	-	-	-	-	-	50,144,488	-	-	-	-	-	50,144,488
Food purchases	16,618,445	-	-	-	-	-	-	16,618,445	-	-	-	-	-	16,618,445
Kitchen supplies	-	-	-	-	4,899	3,738	-	8,637	-	-	-	-	-	8,637
Fleet expense	-	205,049	-	6,338	25	-	-	211,412	4,219	-	-	75	4,294	215,706
Bank charges/processing fees	-	74	615,650	-	-	-	-	615,724	20,155	-	-	99,783	119,938	735,662
Computer maintenance and supplies	-	-	-	-	-	-	-	-	229,743	-	-	-	229,743	229,743
Other insurance	-	-	-	-	-	-	-	-	9,940	-	-	-	9,940	9,940
Legal and audit	-	-	-	-	-	-	-	-	217,420	-	-	-	217,420	217,420
Postage and printing	-	-	-	654	9,354	4,646	-	14,654	5,220	-	140,793	762,863	908,876	923,530
Advertising	-	-	-	1,025	-	4,249	-	5,274	10,225	-	1,084,780	335	1,095,340	1,100,614
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	-	234,137	234,137	234,137
Office expense	-	196,967	250	20,423	20,547	22,406	-	260,593	48,465	-	16,331	53,309	118,105	378,698
Program expense	-	-	-	95,000	-	-	-	95,000	-	-	-	-	-	95,000
Staff travel	-	12,622	-	13,273	22,062	16,016	-	63,973	52,378	-	2,216	11,493	66,087	130,060
Feeding America fees	-	-	-	-	-	-	-	-	36,155	-	-	-	36,155	36,155
Volunteer expense	-	-	-	-	51	-	-	51	6,777	-	-	-	6,777	6,828
Depreciation and amortization	-	-	1,557,420	-	-	-	-	1,557,420	-	-	-	-	-	1,557,420
Allocated expenses	-	(1,075,576)	-	(286,806)	783,879	1,442,042	-	863,539	(758,539)	-	(105,000)	-	(863,539)	-
	\$ 66,762,933	\$ 2,206,139	\$ 2,173,320	\$ 383,765	\$ 1,245,209	\$ 4,137,437	\$ 60,045	\$ 76,968,848	\$ 2,672,073	\$ 31,684	\$ 1,764,312	\$ 2,297,015	\$ 6,765,084	\$ 83,733,932

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended September 30, 2013

	Total Program Services						Total Support Services						Total
	Food Distribution	Warehouse	Property	Agency Relations	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 Statements of Cash Flows
Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ (817,010)	\$ 17,959
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,569,256	1,703,612
Gain on sale of property, plant and equipment	(9,000)	-
Unrealized (gain) loss on investments	(6,801)	8,405
Realized (gain) loss on investments	340	(431)
Change in pledge discount	(11,560)	(16,475)
Amortization of deferred financing costs	42,576	42,576
Changes in operating assets and liabilities:		
Accounts receivable	113,791	(428,372)
Pledges receivable	26,795	138,865
Inventory	496,505	(899,191)
Prepaid expenses and other assets	(22,539)	94,467
Accounts payable	121,544	102,933
Accrued expenses and other liabilities	411,461	(73,015)
Deferred revenue	324,744	(85,692)
Net cash provided by (used in) operating activities	<u>2,240,102</u>	<u>605,641</u>
Cash flows from investing activities:		
Purchase of investments	(9,626,101)	(11,985,443)
Sale of investments	10,325,000	8,531,000
Purchases of property, plant and equipment	(289,653)	(56,963)
Proceeds from sale of property, plant and equipment	9,000	-
Net cash provided by (used in) investing activities	<u>418,246</u>	<u>(3,511,406)</u>
Cash flows from financing activities:		
Cash restricted for investment in property and equipment	(15,683)	43,354
Repayments of obligations under capital leases	(123,250)	(114,989)
Net cash provided by (used in) financing activities	<u>(138,933)</u>	<u>(71,635)</u>
Net increase (decrease) in cash and cash equivalents	2,519,415	(2,977,400)
Cash and cash equivalents - beginning of year	<u>3,110,319</u>	<u>6,087,719</u>
Cash and cash equivalents - end of year	<u>\$ 5,629,734</u>	<u>\$ 3,110,319</u>
Supplemental disclosures of cash flow data:		
Cash paid during the year for interest	<u>\$ 603,400</u>	<u>\$ 601,145</u>
Supplemental disclosures of noncash investing and financing activities:		
Acquisition of property and equipment	\$ 448,925	\$ 309,037
Equipment funded through capital lease obligations	159,272	252,074
Total cash paid	<u>\$ 289,653</u>	<u>\$ 56,963</u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2014 and 2013

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 "GBFB".

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.

GBFB 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 GBFB and/or by the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by GBFB.

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 September 30, 2014 and 2013

Included in unrestricted net assets are Board of Directors designated net assets of \$5,168,317 and \$3,953,894 as of September 30, 2014 and 2013, respectively. The Board of Directors of GBFB has established this designation in recognition of the need to develop operating reserves to protect GBFB in the event of a temporary, short-lived cash flow shortfall due to an economic downturn, unforeseen expenditure requirements, or catastrophic event which might prevent or inhibit GBFB from accomplishing its mission.

Income taxes

The Internal Revenue Service has recognized GBFB 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. GBFB recognizes interest accrued and penalties, if applicable, related to unrecognized tax benefits in income tax expense. GBFB does not expect any significant changes in the next twelve months. The open years for Federal and state returns include 2010 through 2013.

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.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2014 and 2013

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 each of the years ended September 30, 2014 and 2013.

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, 2014 and 2013.

Pledges are expected to be collected as follows:

	2014	2013
In one year or less	\$ 31,500	\$ 87,415
Between one and five years	30,000	-
	61,500	87,415
Less: discounts to net present value	3,635	14,315
Total pledges receivable, net	\$ 57,865	\$ 73,100

Concentrations of credit risk

Financial instruments which potentially subject GBFB to concentrations of credit risk consist principally of cash and cash equivalents, restricted cash balances, accounts receivable, and pledges receivable. GBFB 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, 2014 and 2013, GBFB had cash deposits of \$3,500,000 and \$4,600,000 and investment deposits of \$4,000,000 and \$4,900,000, respectively, in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. GBFB 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.

GBFB grants credit to its approximately 550 not-for-profit member agencies and organizations. GBFB 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, 2014	September 30, 2013
Coop Program	Cost (FIFO)	Cost (FIFO)
Donated Inventory	\$1.72/pound	\$1.69/pound
MEFAP	Cost (FIFO)	Cost (FIFO)
USDA	USDA Provided Value	USDA Provided Value

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2014 and 2013

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 December 31, 2013 and 2012 prepared for Feeding America.

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 GBFB 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, GBFB reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in GBFB'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

GBFB 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. GBFB is reimbursed for certain distribution and handling costs by the USDA. At September 30, 2014 and 2013, accounts receivable relating to this program amounted to \$113,211 and \$216,140, respectively.

MEFAP

GBFB 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. GBFB 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, GBFB 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, 2014 and 2013, deferred revenue from MEFAP was \$538,727 and \$213,983, respectively. GBFB had a receivable from the MDE in the amount of \$1,076,421 and \$999,735 for the years ended September 30, 2014 and 2013, respectively.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2014 and 2013

Shared maintenance

Based on Feeding America's contract, GBFB may charge up to 19 cents per pound to the recipient agency which takes donated food and redistributes it to those in need. Currently, GBFB 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 GBFB.

Coop program

GBFB operates a Coop program where GBFB 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 expenses recorded at fair value 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

GBFB 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 2014 or 2013.

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 September 30, 2014 and 2013

Operating measure

GBFB has defined the increase (decrease) 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 \$1,100,614 and \$821,674 for the years ended September 30, 2014 and 2013, respectively. Included in advertising expense is \$828,874 and \$588,302 of contributed advertising for the years ended September 30, 2014 and 2013, 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 \$31,912 and \$74,488 at September 30, 2014 and 2013, respectively. Amortization expense for each of the years ended September 30, 2014 and 2013 was \$42,576.

Use of 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.

Reclassification

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

Subsequent events

Subsequent events have been evaluated through December 12, 2014, 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, 2014 and 2013, temporarily restricted net assets are restricted for the following purposes:

	2014	2013
Capital Campaign gifts	\$ 501,976	\$ 562,866
Food distribution	2,384,873	2,823,394
Purpose restricted gifts	405,459	344,121
Totals	<u>\$3,292,308</u>	<u>\$3,730,381</u>

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2014 and 2013

Note 4 - Food distribution

For the years ended September 30, 2014 and 2013, GBFB distributed 51,038,797 and 47,709,780 pounds of food, respectively. The value of these distributions is reflected in the accompanying consolidated statements of activities at cost if purchased and at \$1.72 and \$1.69 per pound if donated in 2014 and 2013, respectively. In addition to the pounds of food reported in the consolidated financial statements GBFB 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 GBFB that GBFB 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, 2014 and 2013, GBFB enabled 1,637,023 and 1,011,812 pounds of food, respectively. For the years ended September 30, 2014 and 2013, GBFB referred 795,688 and 358,040 pounds of food, respectively. The value of these enabled and referred pounds is \$4,184,263 and \$2,315,050 for the years ended September 30, 2014 and 2013, respectively.

Note 5 - Property, plant and equipment, net

Property, plant and equipment at September 30, 2014 and 2013 consist of the following:

	2014	2013
Land	\$ 2,579,923	\$ 2,579,923
Buildings and improvements	27,119,897	27,083,101
Equipment, furniture and fixtures	2,120,480	1,956,845
Computer software	941,536	909,095
Trucks and automobiles	1,927,430	1,753,784
	34,689,266	34,282,748
Less: accumulated depreciation and amortization	9,623,414	8,096,565
	\$25,065,852	\$ 26,186,183

Depreciation and amortization expense was \$1,569,256 and \$1,703,612 for the years ended September 30, 2014 and 2013, respectively.

Included in property, plant and equipment at September 30, 2014 and 2013 is \$1,256,106 of land which is held by 100 Topeka Street Realty Trust (the "Trust"). GBFB is the sole beneficiary of the Trust and will be the recipient of this land at the termination of the Trust agreement in May 2024. The sole trustee of the Trust is a related party of GBFB.

Note 6 - Retirement plans

GBFB 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, GBFB transferred the Plan's investments to Principal Financial Group.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2014 and 2013**

At GBFB's discretion, an employer matching contribution is approved each year. For the fiscal years 2014 and 2013, the match is twenty-five cents for every one dollar contributed up to six percent of an employee's gross compensation. While GBFB expects to continue the Plan indefinitely, it has reserved the right to modify, amend or terminate the Plan. GBFB's contributions under the Plan amounted to \$53,452 and \$47,249 for the years ended September 30, 2014 and 2013, respectively.

In December 2013, GBFB established a supplemental retirement plan for key management employees who meet the plan's eligibility requirements. GBFB has recorded the corresponding asset and liability. The deferred compensation obligation which is included in accrued expenses was \$67,006 at September 30, 2014. The retirement plan is in conformity with Code Section 457(b).

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, 2014 and 2013. The imputed interest rates range from 7.7% to 14.1%. A summary of capitalized lease cost and accumulated amortization as of September 30, 2014 and 2013 is as follows:

	2014	2013
Cost	\$1,305,194	\$1,145,922
Accumulated amortization	(787,031)	(594,783)
Net book value	\$ 518,163	\$ 551,139

For the years ended September 30, 2014 and 2013, amortization expense amounted to \$192,248 and \$151,114, 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, 2014:

	Amount
2015	\$ 196,122
2016	196,122
2017	196,122
2018	166,929
2019	87,922
Thereafter	43,650
Total minimum lease payments	886,867
Less amount representing interest	146,100
Net present value of future minimum lease payments	\$ 740,767

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2014 and 2013**

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 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, GBFB 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 GBFB 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 GBFB pursuant to which GBFB 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 Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2014 and 2013

The security for the loan from GBFB 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 GBFB 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 GBFB has the option, during the period January 9, 2015 to July 8, 2015, to purchase USBCDC's interest in the Investment Fund.

GBFB 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.

Interest expense related to the NMTC Loans for the years ended September 30, 2014 and 2013 was \$603,400 and \$601,145, respectively. Interest income related to the Leveraged Loan for both the years ended September 30, 2014 and 2013 was \$527,009.

Note 9 - Fair value measurements

GBFB 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 statements 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 GBFB 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 GBFB's investments that are reported in the accompanying consolidated statement of financial position as of September 30, 2014 were as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds - short term Federal	\$5,418,938	\$ -	\$ -	\$5,418,938
Certificates of deposit	245,125	-	-	245,125
	<u>\$5,664,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,664,063</u>

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2014 and 2013**

The fair value was as follows at September 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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>

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, 2014 and 2013.

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 GBFB 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 GBFB 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 statements of activities as gains or losses on investments and is included in other revenue on the consolidated statements of activities. The fair value was as follows at September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Mutual funds	\$5,418,938	\$4,899,118
Certificates of deposit	245,125	1,429,303
Common stocks	-	28,080
Totals	<u>\$5,664,063</u>	<u>\$6,356,501</u>

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, 2014 and 2013, the value of in-kind gifts received was \$6,185 and \$2,675, respectively and is included in institutional contributions on the consolidated statements of activities.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2014 and 2013**

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, 2014 and 2013, all donated services were expenses and consisted of the following:

	2014	2013
Auditing	\$ 72,000	\$ 68,000
Legal	425,534	260,909
Consulting	260,463	109,200
Advertising	828,874	588,302
Other	-	15,278
	\$1,586,871	\$1,041,689
Totals		

Note 13 - Rental income

In March 2012, GBFB entered into a lease with an unrelated third party for the use of their billboard. 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, 2014 are as follows:

Years ending September 30,	Amount
2015	\$ 180,000
2016	180,000
2017	120,000
Total	\$ 480,000

Included in the rental expense for both the years ended September 30, 2014 and 2013 is \$11,836 of depreciation expense.

In February 2012, GBFB terminated a lease agreement with their billboard tenant. The termination of the initial agreement is the subject of litigation, the outcome of which is uncertain. GBFB believes that a loss, if any, would be immaterial.

Note 14 - Operating lease commitments

GBFB 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 \$24,000 for the year ended September 30, 2014.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2014 and 2013

Future minimum lease payments for years subsequent to September 30, 2014 are as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2015	\$ 19,483
2016	10,956
2017	8,217
Total	<u>\$ 38,656</u>

Equipment rent expense amounted to \$24,294 and \$17,656 for the years ended September 30, 2014 and 2013, respectively.

Note 15 - Related party transactions

GBFB 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 2014 and 2013 and have been eliminated in consolidation.

Note 16 - Concentrations of risk

For the years ended September 30, 2014 and 2013, approximately 16% and 17%, respectively, of GBFB's total support and revenues were derived from MEFAP.

For the year ended September 30, 2014, approximately 62% of GBFB's total food purchases were from three vendors. For the year ended September 30, 2013, approximately 61% of GBFB's total food purchases were from two vendors.

For each of the years ended September 30, 2014 and 2013, approximately 24% of the total food distributed was MEFAP food. For the years ended September 30, 2014 and 2013, approximately 15% and 18%, respectively, of the total food distributed was USDA food.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidating Statement of Financial Position
September 30, 2014**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
<u>Assets</u>				
Cash and cash equivalents	\$ 5,532,296	\$ 97,438	\$ -	\$ 5,629,734
Investments	5,664,063	-	-	5,664,063
Accounts receivable, net of allowance for doubtful accounts of \$4,000	9,548,293	444,011	(8,397,819)	1,594,485
Pledges receivable, net	57,865	-	-	57,865
Inventory	3,263,069	-	-	3,263,069
Cash restricted for investment in property and equipment	849,570	-	-	849,570
Leveraged loan receivable	12,994,750	-	-	12,994,750
Property, plant and equipment, net	2,780,920	22,561,478	(276,546)	25,065,852
Prepaid expenses and other assets	189,834	54,542	-	244,376
	<u>\$ 40,880,660</u>	<u>\$ 23,157,469</u>	<u>\$ (8,674,365)</u>	<u>\$ 55,363,764</u>
<u>Liabilities and Net Assets</u>				
Liabilities:				
Accounts payable	\$ 3,557,541	\$ 5,686,289	\$ (8,397,819)	\$ 846,011
Accrued expenses and other liabilities	1,372,008	-	-	1,372,008
Deferred revenue	538,727	-	-	538,727
Obligations under capital leases	740,767	-	-	740,767
New market tax credit loans	-	17,200,000	-	17,200,000
	<u>6,209,043</u>	<u>22,886,289</u>	<u>(8,397,819)</u>	<u>20,697,513</u>
Net assets:				
Unrestricted				
Board designated	5,168,317	-	-	5,168,317
Other unrestricted	26,210,992	271,180	(276,546)	26,205,626
Total unrestricted	<u>31,379,309</u>	<u>271,180</u>	<u>(276,546)</u>	<u>31,373,943</u>
Temporarily restricted	3,292,308	-	-	3,292,308
	<u>34,671,617</u>	<u>271,180</u>	<u>(276,546)</u>	<u>34,666,251</u>
	<u>\$ 40,880,660</u>	<u>\$ 23,157,469</u>	<u>\$ (8,674,365)</u>	<u>\$ 55,363,764</u>

See Independent Auditor's Report.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidating Statement of Activities
Year Ended September 30, 2014**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Expenses:				
Program services:				
Food distribution	\$ 66,762,933	\$ -	\$ -	\$ 66,762,933
Warehouse	2,206,139	-	-	2,206,139
Property	997,566	1,805,754	(630,000)	2,173,320
Agency relations	383,765	-	-	383,765
Nutrition programs	1,245,209	-	-	1,245,209
Food Acquisition Group	4,137,437	-	-	4,137,437
Child development	60,045	-	-	60,045
Total program services	<u>75,793,094</u>	<u>1,805,754</u>	<u>(630,000)</u>	<u>76,968,848</u>
Support services:				
General and administrative	2,620,725	51,348	-	2,672,073
Lobbying	31,684	-	-	31,684
Marketing	1,764,312	-	-	1,764,312
Development	2,297,015	-	-	2,297,015
Total support services	<u>6,713,736</u>	<u>51,348</u>	<u>-</u>	<u>6,765,084</u>
Total expenses	<u>82,506,830</u>	<u>1,857,102</u>	<u>(630,000)</u>	<u>83,733,932</u>
Increase (decrease) in net assets from operating activities	<u>401,092</u>	<u>(1,227,102)</u>	<u>-</u>	<u>(826,010)</u>
Non-operating				
Loss on sale of property, plant and equipment	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
Increase in net assets from non-operating activities	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
Change in net assets	410,092	(1,227,102)	-	(817,010)
Net assets, beginning of year	<u>34,261,525</u>	<u>1,498,282</u>	<u>(276,546)</u>	<u>35,483,261</u>
Net assets, end of year	<u>\$ 34,671,617</u>	<u>\$ 271,180</u>	<u>\$ (276,546)</u>	<u>\$ 34,666,251</u>

See Independent Auditor's Report.