

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

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

September 30, 2015 and 2014

The Greater Boston Food Bank, Inc. and Subsidiary

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	9
Consolidated Statements of Changes in Net Assets	11
Consolidated Statements of Cash Flows	12
Notes to Consolidated Financial Statements	14
Supplementary Information	
Consolidating Statement of Financial Position	28
Consolidating Statement of Activities	29
Consolidating Statements of Changes in Net Assets	31

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, 2015 and 2014, and the related consolidated statements of activities, functional expenses, changes in net assets 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 consolidated financial position of The Greater Boston Food Bank, Inc. and Subsidiary as of September 30, 2015 and 2014, 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 28 to 31 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 2015 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 2015 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 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 2015 consolidated financial statements or to the 2015 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 2015 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 11, 2015 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.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Boston, Massachusetts
December 11, 2015

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statements of Financial Position
September 30, 2015 and 2014

	<u>Assets</u>	
	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 8,254,702	\$ 5,629,734
Investments	3,871,943	5,664,063
Accounts receivable, net of allowance for doubtful accounts of approximately \$4,000 at September 30, 2015 and 2014	1,782,487	1,594,485
Pledges receivable, net of discounts	29,119	57,865
Inventory	4,099,426	3,263,069
Cash restricted for investment in property and equipment	735,337	849,570
Leveraged loan receivable	-	12,994,750
Property, plant and equipment, net	24,051,289	25,065,852
Prepaid expenses and other assets	298,129	244,376
	<u>\$ 43,122,432</u>	<u>\$ 55,363,764</u>
	<u>Liabilities and Net Assets</u>	
Liabilities:		
Accounts payable	\$ 1,231,935	\$ 846,011
Accrued expenses and other liabilities	1,699,692	1,372,008
Deferred revenue	392,335	538,727
Obligations under capital leases	603,463	740,767
New market tax credit loans	-	17,200,000
	<u>3,927,425</u>	<u>20,697,513</u>
Total liabilities		
Commitments		
Net assets:		
Unrestricted		
Board designated	1,816,434	5,168,317
Other unrestricted	33,782,124	26,205,626
	<u>35,598,558</u>	<u>31,373,943</u>
Total unrestricted		
Temporarily restricted	3,596,449	3,292,308
	<u>39,195,007</u>	<u>34,666,251</u>
Total net assets		
Total liabilities and net assets	<u>\$ 43,122,432</u>	<u>\$ 55,363,764</u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Activities
Year Ended September 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating:			
Support:			
Institutional contributions	\$ 4,292,456	\$ 1,148,855	\$ 5,441,311
Food donations	-	50,324,551	50,324,551
Contributed services	1,841,430	-	1,841,430
Special events	588,367	-	588,367
Individual contributions	8,607,794	1,566	8,609,360
Total support	<u>15,330,047</u>	<u>51,474,972</u>	<u>66,805,019</u>
Revenues:			
State income - MEFAP	14,936,563	-	14,936,563
Shared maintenance fees	781,584	-	781,584
Coop income	3,351,966	-	3,351,966
USDA reimbursement	617,014	-	617,014
Interest and dividends	490,734	-	490,734
Rental income, net of expenses of \$139,107	58,992	-	58,992
Other	170,675	-	170,675
Total revenues	<u>20,407,528</u>	<u>-</u>	<u>20,407,528</u>
Net assets released from restrictions:			
Food distribution	49,877,431	(49,877,431)	-
Satisfaction of donor restrictions	1,279,411	(1,279,411)	-
	<u>51,156,842</u>	<u>(51,156,842)</u>	<u>-</u>
Total support and revenues	<u>86,894,417</u>	<u>318,130</u>	<u>87,212,547</u>

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Activities
Year Ended September 30, 2015**

	Unrestricted	Temporarily Restricted	Total
Expenses:			
Program services:			
Food distribution	68,414,885	-	68,414,885
Warehouse	2,232,016	-	2,232,016
Property	1,881,988	-	1,881,988
Agency relations	422,735	-	422,735
Nutrition programs	1,187,479	-	1,187,479
Food Acquisition Group	4,859,371	-	4,859,371
Total program services	78,998,474	-	78,998,474
Support services:			
General and administrative	3,428,577	-	3,428,577
Lobbying	35,209	-	35,209
Marketing	1,713,308	-	1,713,308
Development	2,705,051	-	2,705,051
Total support services	7,882,145	-	7,882,145
Total expenses	86,880,619	-	86,880,619
Increase in net assets from operating activities	13,798	318,130	331,928
Non-operating activities:			
Loss on sale of property, plant and equipment	(8,422)	-	(8,422)
Net assets released from restrictions	13,989	(13,989)	-
Increase (decrease) in net assets from non-operating activities	5,567	(13,989)	(8,422)
Change in net assets	\$ 19,365	\$ 304,141	\$ 323,506

The Greater Boston Food Bank, Inc. and Subsidiary

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
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	<u>13,688,489</u>	<u>51,189,857</u>	<u>64,878,346</u>
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	448,694	-	448,694
Interest and dividends	584,219	-	584,219
Rental income, net of expenses of \$473,696	(293,696)	-	(293,696)
Other	118,102	-	118,102
Total revenues	<u>18,029,576</u>	<u>-</u>	<u>18,029,576</u>
Net assets released from restrictions:			
Food distribution	50,145,364	(50,145,364)	-
Satisfaction of donor restrictions	1,410,116	(1,410,116)	-
	<u>51,555,480</u>	<u>(51,555,480)</u>	<u>-</u>
Total support and revenues	<u>83,273,545</u>	<u>(365,623)</u>	<u>82,907,922</u>

The Greater Boston Food Bank, Inc. and Subsidiary

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

	Unrestricted	Temporarily Restricted	Total
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	76,968,848	-	76,968,848
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	6,765,084	-	6,765,084
Total expenses	83,733,932	-	83,733,932
Increase (decrease) in net assets from operating activities	(460,387)	(365,623)	(826,010)
Non-operating activities:			
Gain on sale of property, plant and equipment	9,000	-	9,000
Net assets released from restrictions	72,450	(72,450)	-
Change in net assets	(378,937)	(438,073)	(817,010)
Net assets, beginning of year	31,752,880	3,730,381	35,483,261
Net assets, end of year	\$ 31,373,943	\$ 3,292,308	\$ 34,666,251

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statements of Functional Expenses
Year Ended September 30, 2015

	Program Services						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	\$ -	\$ 1,639,434	\$ -	\$ 483,969	\$ 273,019	\$ 713,609	\$ 3,110,031	\$ 1,880,409	\$ -	\$ 415,435	\$ 912,625	\$ 3,208,469	\$ 6,318,500
Fringe benefits	-	389,687	-	117,992	74,568	135,708	717,955	382,761	-	74,948	188,464	646,173	1,364,128
Total salaries and fringe benefits	-	2,029,121	-	601,961	347,587	849,317	3,827,986	2,263,170	-	490,383	1,101,089	3,854,642	7,682,628
Day labor	-	291,583	-	4,263	-	-	295,846	95,185	-	435	18,039	113,659	409,505
Consulting	-	5,585	-	180	517	-	6,282	861,019	35,209	163,519	134,524	1,194,271	1,200,553
Other personnel costs	-	7,829	-	728	612	1,926	11,095	193,127	-	404	2,539	196,070	207,165
Professional development	-	1,030	-	520	2,210	2,473	6,233	22,152	-	6,006	4,319	32,477	38,710
Rubbish removal	-	36,476	-	-	-	-	36,476	-	-	-	-	-	36,476
Repairs and maintenance	-	259,708	-	-	-	-	259,708	100	-	-	-	100	259,808
Supplies	-	26,114	-	3,517	5,073	819	35,523	62	-	680	-	742	36,265
Utilities/security/insurance	-	342,475	-	4,072	4,071	4,459	355,077	12,293	-	3,393	7,690	23,376	378,453
Other building costs	-	69,254	-	-	-	-	69,254	402	-	-	-	402	69,656
Financing charges	-	-	-	256	-	522	778	40,684	-	-	-	40,684	41,462
Freight charges	-	7,559	-	-	-	2,176,393	2,183,952	-	-	-	-	-	2,183,952
Food distribution	49,879,606	-	-	-	9,129	-	49,888,735	-	-	-	-	-	49,888,735
Food purchases	18,535,279	-	-	-	-	-	18,535,279	-	-	-	-	-	18,535,279
Kitchen supplies	-	-	-	-	11,914	-	11,914	-	-	-	-	-	11,914
Fleet expense	-	197,308	-	9,062	-	-	206,370	5,322	-	-	-	5,322	211,692
Bank charges/processing fees	-	310	499,713	-	-	-	500,023	13,576	-	-	104,932	118,508	618,531
Computer maintenance and supplies	-	-	-	-	-	-	-	213,264	-	-	-	213,264	213,264
Other insurance	-	-	-	-	-	-	-	17,113	-	-	-	17,113	17,113
Legal and audit	-	-	-	-	-	-	-	391,494	-	-	-	391,494	391,494
Postage and printing	-	10	-	508	7,335	3,777	11,630	5,898	-	151,291	797,009	954,198	965,828
Advertising	-	-	-	1,460	-	-	1,460	15,024	-	976,072	97,735	1,088,831	1,090,291
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	338,010	338,010	338,010
Office expense	-	215,467	250	21,444	22,302	25,424	284,887	44,036	-	23,471	48,387	115,894	400,781
Program expense	-	-	-	118,920	-	-	118,920	-	-	-	-	-	118,920
Staff travel	-	12,157	-	17,452	22,083	19,711	71,403	57,821	-	1,140	50,778	109,739	181,142
Feeding America fees	-	-	-	-	-	-	-	36,184	-	-	-	36,184	36,184
Volunteer expense	-	-	-	-	118	-	118	1,996	-	-	-	1,996	2,114
Depreciation and amortization	-	-	1,382,025	-	-	-	1,382,025	-	-	-	-	-	1,382,025
Allocated expenses	-	(1,269,970)	-	(361,608)	754,528	1,774,550	897,500	(861,345)	-	(103,486)	-	(964,831)	(67,331)
	\$ 68,414,885	\$ 2,232,016	\$ 1,881,988	\$ 422,735	\$ 1,187,479	\$ 4,859,371	\$ 78,998,474	\$ 3,428,577	\$ 35,209	\$ 1,713,308	\$ 2,705,051	\$ 7,882,145	\$ 86,880,619

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statements of Functional Expenses
Year Ended September 30, 2014

	Total Program Services							Total 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

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Changes in Net Assets
Years Ended September 30, 2015 and 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Consolidated</u>
Beginning balance, October 1, 2013	\$ 31,752,880	\$ 3,730,381	\$ 35,483,261
Changes in net assets	<u>(378,937)</u>	<u>(438,073)</u>	<u>(817,010)</u>
Ending balance, September 30, 2014	31,373,943	3,292,308	34,666,251
Changes in net assets	19,365	304,141	323,506
Gain on related party debt forgiveness	<u>4,205,250</u>	<u>-</u>	<u>4,205,250</u>
Ending balance, September 30, 2015	<u><u>\$ 35,598,558</u></u>	<u><u>\$ 3,596,449</u></u>	<u><u>\$ 39,195,007</u></u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Cash Flows
Years Ended September 30, 2015 and 2014**

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 323,506	\$ (817,010)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,393,861	1,569,256
Loss (gain) on sale of property, plant and equipment	8,422	(9,000)
Unrealized (gain) loss on investments	(19,279)	(6,801)
Realized (gain) loss on investments	(2,306)	340
Change in pledge discount	(1,566)	(11,560)
Amortization of deferred financing costs	31,912	42,576
Changes in operating assets and liabilities:		
Accounts receivable	(188,002)	113,791
Pledges receivable	30,312	26,795
Inventory	(836,357)	496,505
Prepaid expenses and other assets	(85,665)	(22,539)
Accounts payable	385,924	121,544
Accrued expenses and other liabilities	327,684	411,461
Deferred revenue	(146,392)	324,744
Net cash provided by (used in) operating activities	1,222,054	2,240,102
Cash flows from investing activities:		
Purchase of investments	(6,271,295)	(9,626,101)
Sale of investments	8,085,000	10,325,000
Purchases of property, plant and equipment	(387,720)	(289,653)
Proceeds from sale of property, plant and equipment	-	9,000
Net cash provided by (used in) investing activities	1,425,985	418,246
Cash flows from financing activities:		
Cash restricted for investment in property and equipment	114,233	(15,683)
Repayments of obligations under capital leases	(137,304)	(123,250)
Net cash provided by (used in) financing activities	(23,071)	(138,933)
Net increase (decrease) in cash and cash equivalents	2,624,968	2,519,415
Cash and cash equivalents - beginning of year	5,629,734	3,110,319
Cash and cash equivalents - end of year	\$ 8,254,702	\$ 5,629,734

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Cash Flows
Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Supplemental disclosures of cash flow data:		
Cash paid during the year for interest	<u>\$ 487,463</u>	<u>\$ 603,400</u>
Supplemental disclosures of noncash investing and financing activities:		
Acquisition of property and equipment	\$ 387,720	\$ 448,925
Equipment funded through capital lease obligations	<u>-</u>	<u>159,272</u>
Total cash paid	<u>\$ 387,720</u>	<u>\$ 289,653</u>
Forgiveness of new market tax credit loans payable	\$ 17,200,000	\$ -
Forgiveness of leveraged loan receivable	<u>(12,994,750)</u>	<u>-</u>
Gain on related party debt forgiveness	<u>\$ 4,205,250</u>	<u>\$ -</u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2015 and 2014

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 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.

Included in unrestricted net assets are Board of Directors designated net assets of \$1,816,434 and \$5,168,317 as of September 30, 2015 and 2014, 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,

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2015 and 2014

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 2011 through 2014.

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 each of the years ended September 30, 2015 and 2014.

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, 2015 and 2014.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2015 and 2014**

Pledges are expected to be collected as follows:

	<u>2015</u>	<u>2014</u>
In one year or less	\$ 10,000	\$ 31,500
Between one and five years	<u>20,000</u>	<u>30,000</u>
	30,000	61,500
Less: discounts to net present value	<u>881</u>	<u>3,635</u>
Total pledges receivable, net	<u>\$ 29,119</u>	<u>\$ 57,865</u>

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, 2015 and 2014, GBFB had cash deposits of \$7,600,000 and \$3,500,000 and investment deposits of \$1,200,000 and \$4,000,000, 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 500 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:

<u>Inventory Type</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Coop Program	Cost (FIFO)	Cost (FIFO)
Donated Inventory	\$1.70/pound	\$1.72/pound
MEFAP	Cost (FIFO)	Cost (FIFO)
 USDA	 USDA Provided Value	 USDA Provided Value

Donated inventory items are valued at the approximate average wholesale value of one pound of donated product at the national level as outlined in the Product Valuation Survey Methodology prepared by an international CPA firm dated September 30, 2015 and 2014 prepared for Feeding America.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2015 and 2014

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 contracts 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, 2015 and 2014, accounts receivable relating to this program amounted to \$231,809 and \$113,211, 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 certain commodities for all Massachusetts Food Banks. In turn, GBFB distributes its allocation 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, 2015 and 2014, deferred revenue from MEFAP was \$391,543 and \$538,727, respectively. GBFB had a receivable from the MDE in the amount of \$1,221,121 and \$1,076,421 for the years ended September 30, 2015 and 2014, respectively.

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.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2015 and 2014

Coop program

GBFB operates a Coop program where GBFB purchases food from manufacturers and 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:

Description	Years
Buildings and improvements	15-30 years
Equipment, furniture and fixtures	5-10 years
Computer software	1-5 years
Trucks and automobiles	5 years

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 2015 or 2014.

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.

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.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2015 and 2014

Advertising

Advertising costs are expensed as incurred and amounted to \$1,090,291 and \$1,100,614 for the years ended September 30, 2015 and 2014, respectively. Included in advertising expense is \$722,808 and \$828,874 of contributed advertising for the years ended September 30, 2015 and 2014, 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. There were no deferred financing costs at September 30, 2015. The balance of deferred financing costs was \$31,912 at September 30, 2014. Amortization expense for the years ended September 30, 2015 and 2014 was \$31,912 and \$42,576, respectively.

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.

Subsequent events

Subsequent events have been evaluated through December 11, 2015, 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, 2015 and 2014, temporarily restricted net assets are restricted for the following purposes:

	2015	2014
Capital Campaign gifts	\$ 489,553	\$ 501,976
Food distribution	2,831,993	2,384,873
Purpose restricted gifts	274,903	405,459
Totals	<u>\$ 3,596,449</u>	<u>\$ 3,292,308</u>

Note 4 - Food distribution

For the years ended September 30, 2015 and 2014, GBFB distributed 54,121,419 and 51,038,797 pounds of food, respectively. The value of these distributions is reflected in the accompanying consolidated statements of activities at cost if purchased, stated value if donated by USDA, and at \$1.70 and \$1.72 per pound if donated in 2015 and 2014, 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.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2015 and 2014

For the years ended September 30, 2015 and 2014, GBFB enabled 2,974,496 and 1,637,023 pounds of food, respectively. For the years ended September 30, 2015 and 2014, GBFB referred 591,070 and 795,688 pounds of food, respectively. The value of these enabled and referred pounds is \$6,061,462 and \$4,184,263 for the years ended September 30, 2015 and 2014, respectively.

Note 5 - Property, plant and equipment, net

Property, plant and equipment at September 30, 2015 and 2014 consist of the following:

	2015	2014
Land	\$ 2,579,923	\$ 2,579,923
Buildings and improvements	27,221,290	27,119,897
Equipment, furniture and fixtures	2,117,214	2,120,480
Computer software	959,648	941,536
Trucks and automobiles	1,921,955	1,927,430
Construction in progress	247,232	-
	35,047,262	34,689,266
Less: Accumulated depreciation and amortization	10,995,973	9,623,414
	<u>\$ 24,051,289</u>	<u>\$ 25,065,852</u>

Depreciation and amortization expense was \$1,393,861 and \$1,569,256 for the years ended September 30, 2015 and 2014, respectively.

Included in property, plant and equipment at September 30, 2015 and 2014 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 an officer of GBFB.

Note 6 - Retirement plans

GBFB has a defined contribution retirement savings plan (the "Plan") for all eligible employees. Employees have the ability to contribute pretax and after tax dollars pay and may invest in mutual funds through Principal Financial Group.

At GBFB's discretion, an employer matching contribution is approved each year. For the fiscal years 2015 and 2014, 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 \$64,108 and \$53,452 for the years ended September 30, 2015 and 2014, 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 \$125,739 and \$67,006 as of September 30, 2015 and 2014, respectively. The retirement plan is in conformity with Code Section 457(b).

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2015 and 2014**

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, 2015 and 2014. The imputed interest rates range from 5.3% to 9.7%. A summary of capitalized lease cost and accumulated amortization as of September 30, 2015 and 2014 is as follows:

	2015	2014
Cost	\$ 1,128,534	\$ 1,305,194
Accumulated amortization	(796,194)	(787,031)
Net book value	\$ 332,340	\$ 518,163

For the years ended September 30, 2015 and 2014, amortization expense amounted to \$185,823 and \$192,248, 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, 2015:

Years Ending September 30,	Amount
2016	\$ 196,122
2017	196,122
2018	166,611
2019	88,704
2020	31,480
Thereafter	15,934
Total minimum lease payments	694,973
Less amount representing interest	91,510
Net present value of future minimum lease payments	\$ 603,463

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

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2015 and 2014**

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 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.

Only July 13, 2015, the Investment Fund redeemed their investments in the CDEs. The redemption price was the NMTC Loans. After the redemption, the loans were payable by GBFB Realty, Inc. to the Investment Fund. The Investment Fund then exercised their put at a price of \$1,000. After the put was exercised, the GBFB owned 100% of the Investment Fund. The Investment Fund was then dissolved. As a result of the dissolution, the \$17,200,000 new market tax credit loans were

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2015 and 2014

discharged and the \$12,994,750 leveraged loan receivable was forgiven by the GBFB. This resulted in a gain on related party debt forgiveness of \$4,205,250.

GBFB recorded the gain associated with this transaction at the date it was exercised. The options did not represent embedded derivatives and, accordingly, have not been accounted for as derivative instruments in the consolidated financial statements which is reflected on the statement of changes in net assets as an increase in net assets. .

Interest expense related to the NMTC Loans for the years ended September 30, 2015 and 2014 was \$487,463 and \$603,400, respectively. Interest income related to the Leveraged Loan for the years ended September 30, 2015 and 2014 was \$412,944 and \$527,009, respectively.

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, 2015 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds - short-term Federal	<u>\$ 3,871,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,871,943</u>

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2015 and 2014**

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:

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

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, 2015 and 2014.

Investments in mutual funds and certificates of deposit 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Mutual funds	\$ 3,871,943	\$ 5,418,938
Certificates of deposit	-	245,125
Totals	<u>\$ 3,871,943</u>	<u>\$ 5,664,063</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, 2015 and 2014, the value of in-kind gifts received was \$3,185 and \$6,185, 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, 2015 and 2014**

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, 2015 and 2014, all donated services were expenses and consisted of the following:

	<u>2015</u>	<u>2014</u>
Auditing	\$ 59,820	\$ 72,000
Legal	246,954	425,534
Consulting	673,682	260,463
Advertising	722,808	828,874
Fundraising	130,666	-
Other	7,500	-
	<u> </u>	<u> </u>
Totals	<u>\$ 1,841,430</u>	<u>\$ 1,586,871</u>

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 \$18,000 through May 2017. Future payments to be received under this rental agreement for the years subsequent to September 30, 2015 are as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2016	\$ 216,000
2017	216,000
2018	216,000
2019	216,000
2020	144,000
	<u> </u>
Total	<u>\$ 1,008,000</u>

Included in the rental expense for both the years ended September 30, 2015 and 2014 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 \$11,000 for the year ended September 30, 2015.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2015 and 2014**

Future minimum lease payments for years subsequent to September 30, 2015 are as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2016	\$ 10,956
2017	<u>8,217</u>
Total	<u>\$ 19,173</u>

Equipment rent expense amounted to \$18,393 and \$24,294 for the years ended September 30, 2015 and 2014, 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 \$495,147 and \$630,000 in 2015 and 2014, respectively, and have been eliminated in consolidation.

Commencing on July 13, 2015, GBFB renegotiated the lease with GBFB Realty, Inc. to provide for annual lease payments of \$1,000 for the remaining term of the lease agreement.

Note 16 - Concentrations of risk

For the years ended September 30, 2015 and 2014, approximately 18% and 16%, respectively, of GBFB's total support and revenues were derived from MEFAP.

For the years ended September 30, 2015 and 2014, approximately 56% and 62%, respectively, of GBFB's total food purchases were from three vendors.

For the years ended September 30, 2015 and 2014, approximately 25% and 24%, respectively, of the total food distributed was MEFAP food. For the years ended September 30, 2015 and 2014, approximately 16% and 15%, respectively, of the total food distributed was USDA food.

Supplementary Information

The Greater Boston Food Bank, Inc. and Subsidiary

Supplementary Information

**Consolidating Statement of Financial Position
September 30, 2015**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
<u>Assets</u>				
Cash and cash equivalents	\$ 8,161,287	\$ 93,415	\$ -	\$ 8,254,702
Investments	3,871,943	-	-	3,871,943
Accounts receivable, net of allowance for doubtful accounts of \$4,000	1,781,524	963	-	1,782,487
Pledges receivable, net	29,119	-	-	29,119
Inventory	4,099,426	-	-	4,099,426
Cash restricted for investment in property and equipment	735,337	-	-	735,337
Property, plant and equipment, net	2,773,089	21,554,746	(276,546)	24,051,289
Prepaid expenses and other assets	284,271	13,858	-	298,129
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 21,735,996	\$ 21,662,982	\$ (276,546)	\$ 43,122,432
<u>Liabilities and Net Assets</u>				
Liabilities:				
Accounts payable	\$ 1,231,935	\$ -	\$ -	\$ 1,231,935
Accrued expenses and other liabilities	1,699,692	-	-	1,699,692
Deferred revenue	391,543	792	-	392,335
Obligations under capital leases	603,463	-	-	603,463
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	3,926,633	792	-	3,927,425
Net assets:				
Unrestricted				
Board designated	1,816,434	-	-	1,816,434
Other unrestricted	12,396,480	21,662,190	(276,546)	33,782,124
Total unrestricted	<hr/>	<hr/>	<hr/>	<hr/>
	14,212,914	21,662,190	(276,546)	35,598,558
Temporarily restricted	3,596,449	-	-	3,596,449
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	17,809,363	21,662,190	(276,546)	39,195,007
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	\$ 21,735,996	\$ 21,662,982	\$ (276,546)	\$ 43,122,432

See Independent Auditor's Report.

The Greater Boston Food Bank, Inc. and Subsidiary

Supplementary Information

**Consolidating Statement of Activities
Year Ended September 30, 2015**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Operating:				
Support:				
Institutional contributions	\$ 5,441,311	\$ -	\$ -	\$ 5,441,311
Food donations	50,324,551	-	-	50,324,551
Contributed services	1,841,430	-	-	1,841,430
Special events	588,367	-	-	588,367
Individual contributions	8,609,360	-	-	8,609,360
Total support	66,805,019	-	-	66,805,019
Revenues:				
State income - MEFAP	14,936,563	-	-	14,936,563
Shared maintenance fees	781,584	-	-	781,584
Coop income	3,351,966	-	-	3,351,966
USDA reimbursement	617,014	-	-	617,014
Interest and dividends	490,734	-	-	490,734
Rental income, net of expenses of \$139,107	58,992	495,147	(495,147)	58,992
Other	170,675	-	-	170,675
Total revenues	20,407,528	495,147	(495,147)	20,407,528
Total support and revenues	87,212,547	495,147	(495,147)	87,212,547

The Greater Boston Food Bank, Inc. and Subsidiary

Supplementary Information

**Consolidating Statement of Activities
Year Ended September 30, 2015**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Expenses:				
Program services:				
Food distribution	\$ 68,414,885	\$ -	\$ -	\$ 68,414,885
Warehouse	2,232,016	-	-	2,232,016
Property	870,440	1,506,695	(495,147)	1,881,988
Agency relations	422,735	-	-	422,735
Nutrition programs	1,187,479	-	-	1,187,479
Food Acquisition Group	4,859,371	-	-	4,859,371
Total program services	<u>77,986,926</u>	<u>1,506,695</u>	<u>(495,147)</u>	<u>78,998,474</u>
Support services:				
General and administrative	3,387,895	40,682	-	3,428,577
Lobbying	35,209	-	-	35,209
Marketing	1,713,308	-	-	1,713,308
Development	2,705,051	-	-	2,705,051
Total support services	<u>7,841,463</u>	<u>40,682</u>	<u>-</u>	<u>7,882,145</u>
Total expenses	<u>85,828,389</u>	<u>1,547,377</u>	<u>(495,147)</u>	<u>86,880,619</u>
Increase (decrease) in net assets from operating activities	<u>1,384,158</u>	<u>(1,052,230)</u>	<u>-</u>	<u>331,928</u>
Non-operating				
Loss on sale of property, plant and equipment	<u>(8,422)</u>	<u>-</u>	<u>-</u>	<u>(8,422)</u>
Increase in net assets from non-operating activities	<u>(8,422)</u>	<u>-</u>	<u>-</u>	<u>(8,422)</u>
Change in net assets	<u>\$ 1,375,736</u>	<u>\$ (1,052,230)</u>	<u>\$ -</u>	<u>\$ 323,506</u>

See Independent Auditor's Report.

The Greater Boston Food Bank, Inc. and Subsidiary

Supplementary Information

**Consolidating Statement of Changes in Net Assets
Year Ended September 30, 2015**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Beginning balance, October 1, 2013	\$ 34,261,525	\$ 1,498,282	\$ (276,546)	\$ 35,483,261
Changes in net assets	<u>410,092</u>	<u>(1,227,102)</u>	<u>-</u>	<u>(817,010)</u>
Ending balance, September 30, 2014	34,671,617	271,180	(276,546)	34,666,251
Changes in net assets	1,375,736	(1,052,230)	-	323,506
Gain (loss) on related party debt forgiveness	<u>(18,237,990)</u>	<u>22,443,240</u>	<u>-</u>	<u>4,205,250</u>
Ending balance, September 30, 2015	<u>\$ 17,809,363</u>	<u>\$ 21,662,190</u>	<u>\$ (276,546)</u>	<u>\$ 39,195,007</u>