

Consolidated Financial Statements and Supplemental
Information with Report of Independent Certified
Public Accountants

The Greater Boston Food Bank, Inc. and Subsidiary

September 30, 2012 and 2011

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Report of Independent Certified Public Accountants

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

Grant Thornton LLP
226 Causeway Street, 6th Floor
Boston, MA 02114-2155

T 617.723.7900
F 617.723.3640
GrantThornton.com
linkd.in/GrantThorntonUS
twitter.com/GrantThorntonUS

We have audited the accompanying consolidated statements of financial position of The Greater Boston Food Bank, Inc. and Subsidiary (The Food Bank) as of September 30, 2012 and 2011, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of The Food Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Food Bank's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial positions of The Greater Boston Food Bank, Inc. and Subsidiary as of September 30, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2012 consolidating information on pages 29, 30 and 31 is presented for purposes of additional analysis, rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the 2012 consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 consolidated financial statements. The 2012 information has been subjected to the auditing procedures applied in the audit of the 2012 consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the 2012 consolidated financial statements or to the 2012 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the 2012 consolidated financial statements as a whole.

Grant Thornton LLP

Boston, Massachusetts

January 11, 2013

THE GREATER BOSTON FOOD BANK, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and cash equivalents	\$ 6,087,719	\$ 8,530,617
Investments	2,910,032	-
Accounts receivable, net of allowance for doubtful accounts of approximately \$4,000 at September 30, 2012 and 2011, respectively	1,279,904	1,770,775
Pledges receivable, net of discounts	195,490	687,459
Inventory	2,860,383	2,290,018
Cash restricted for investment in property and equipment	877,241	811,246
Leveraged loan receivable	12,994,750	12,994,750
Property, plant and equipment, net	27,580,758	28,786,554
Prepaid expenses and other assets	<u>401,456</u>	<u>390,169</u>
Total assets	<u>\$ 55,187,733</u>	<u>\$ 56,261,588</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 621,534	\$ 1,027,251
Accrued expenses and other liabilities	1,033,562	784,796
Deferred revenue	299,675	1,275,297
Obligations under capital leases	567,660	392,881
New markets tax credit loans	<u>17,200,000</u>	<u>17,200,000</u>
Total liabilities	<u>19,722,431</u>	<u>20,680,225</u>
Net assets		
Unrestricted		
Board designated	4,306,965	4,375,592
Other unrestricted	<u>27,985,574</u>	<u>28,218,811</u>
Total unrestricted	<u>32,292,539</u>	<u>32,594,403</u>
Temporarily restricted	<u>3,172,763</u>	<u>2,986,960</u>
Total net assets	<u>35,465,302</u>	<u>35,581,363</u>
Total liabilities and net assets	<u>\$ 55,187,733</u>	<u>\$ 56,261,588</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE GREATER BOSTON FOOD BANK, INC. AND SUBSIDIARY

Consolidated Statement of Activities
For the Year Ended September 30, 2012

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

Continued --

The accompanying notes are an integral part of these consolidated financial statements.

THE GREATER BOSTON FOOD BANK, INC. AND SUBSIDIARY

Consolidated Statement of Activities

For the Year Ended September 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Expenses			
Program services			
Food distribution	\$ 52,506,952	\$ -	\$ 52,506,952
Warehouse	2,047,051	-	2,047,051
Property	2,270,193	-	2,270,193
Member services	263,202	-	263,202
Nutrition programs	1,174,757	-	1,174,757
Food Acquisition Group	3,435,978	-	3,435,978
Total program services	<u>61,698,133</u>	<u>-</u>	<u>61,698,133</u>
Support services			
General and administrative	2,351,316	-	2,351,316
Lobbying	25,000	-	25,000
Marketing	1,209,736	-	1,209,736
Development	1,869,418	-	1,869,418
Total support services	<u>5,455,470</u>	<u>-</u>	<u>5,455,470</u>
Total expenses	<u>67,153,603</u>	<u>-</u>	<u>67,153,603</u>
Increase (decrease) in net assets from operating activities	<u>(584,975)</u>	<u>509,200</u>	<u>(75,775)</u>
Non-operating activities			
Loss on sale of property, plant and equipment	(40,286)	-	(40,286)
Net assets released from restrictions	<u>323,394</u>	<u>(323,394)</u>	<u>-</u>
Increase (decrease) in net assets from non operating activities	<u>283,108</u>	<u>(323,394)</u>	<u>(40,286)</u>
Increase (decrease) in net assets	(301,867)	185,806	(116,061)
Net assets, beginning of year	<u>32,594,403</u>	<u>2,986,960</u>	<u>35,581,363</u>
Net assets, end of year	<u>\$ 32,292,537</u>	<u>\$ 3,172,766</u>	<u>\$ 35,465,302</u>

Continued --

The accompanying notes are an integral part of these consolidated financial statements.

THE GREATER BOSTON FOOD BANK, INC. AND SUBSIDIARY

Consolidated Statement of Activities

For the Year Ended September 30, 2011

	Unrestricted	Temporarily Restricted	Total
Operating Support			
Institutional contributions	\$ 2,668,873	\$ 2,015,907	\$ 4,684,780
Food donations	-	31,236,381	31,236,381
Contributed services	373,745	-	373,745
In-kind gifts	102,294	-	102,294
Special events	1,733,116	16,000	1,749,116
Individual contributions	4,871,914	641,179	5,513,093
Total support	<u>9,749,942</u>	<u>33,909,467</u>	<u>43,659,409</u>
Revenues			
State income - MEFAP	12,173,178	-	12,173,178
Shared maintenance fees	906,533	-	906,533
Coop income	1,013,788	-	1,013,788
USDA reimbursement	1,075,165	-	1,075,165
Interest and dividends (as adjusted)	540,325	-	540,325
Billboard rental, net of expenses of \$12,392	6,369	-	6,369
Other	85,916	-	85,916
Total revenues	<u>15,801,274</u>	<u>-</u>	<u>15,801,274</u>
Net assets released from restrictions			
Food distribution	31,648,518	(31,648,518)	-
Satisfaction of donor restrictions	1,537,060	(1,537,060)	-
	<u>33,185,578</u>	<u>(33,185,578)</u>	<u>-</u>
Total support and revenues	<u>\$ 58,736,794</u>	<u>\$ 723,889</u>	<u>\$ 59,460,683</u>

Continued --

The accompanying notes are an integral part of these consolidated financial statements.

THE GREATER BOSTON FOOD BANK, INC. AND SUBSIDIARY

Consolidated Statement of Activities

For the Year Ended September 30, 2011

	Unrestricted	Temporarily Restricted	Total
Expenses			
Program services			
Food distribution	\$ 44,801,810	\$ -	\$ 44,801,810
Warehouse	1,856,458	-	1,856,458
Property	2,260,891	-	2,260,891
Member services	196,895	-	196,895
Nutrition programs	1,012,528	-	1,012,528
Food Acquisition Group	2,580,520	-	2,580,520
Total program services	<u>52,709,102</u>	<u>-</u>	<u>52,709,102</u>
Support services			
General and administrative	2,201,885	-	2,201,885
Lobbying	30,000	-	30,000
Marketing	941,725	-	941,725
Development	2,346,581	-	2,346,581
Total support services	<u>5,520,191</u>	<u>-</u>	<u>5,520,191</u>
Total expenses	<u>58,229,293</u>	<u>-</u>	<u>58,229,293</u>
Increase in net assets from operating activities	<u>507,501</u>	<u>723,889</u>	<u>1,231,390</u>
Non-operating activities			
Gain on sale of property, plant and equipment	29,150	-	29,150
Net assets released from restriction for payment of debt	<u>2,642,804</u>	<u>(2,642,804)</u>	<u>-</u>
Increase (decrease) in net assets from non-operating activities	<u>2,671,954</u>	<u>(2,642,804)</u>	<u>29,150</u>
Increase (decrease) in net assets	3,179,455	(1,918,915)	1,260,540
Net assets, beginning of year	<u>29,414,948</u>	<u>4,905,875</u>	<u>34,320,823</u>
Net assets, end of year	<u>\$ 32,594,403</u>	<u>\$ 2,986,960</u>	<u>\$ 35,581,363</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE GREATER BOSTON FOOD BANK, INC.
 Consolidated Statement of Functional Expenses
 For the Year Ended September 30, 2012

	Food Distribution	Warehouse	Property	Member Services	Nutrition Programs	Food Acquisition Group	Total Program Services	General and Administrative	Lobbying	Marketing	Development	Total Current Year
Salaries	\$ -	\$ 1,213,846	\$ -	\$ 318,258	\$ 304,697	\$ 551,539	\$ 2,388,340	\$ 1,507,040	\$ -	\$ 336,576	\$ 733,895	\$ 4,965,851
Fringe benefits	-	380,816	-	91,722	91,784	143,516	707,838	343,854	-	63,273	178,102	1,293,067
Total Salaries and fringe benefits	-	1,594,662	-	409,980	396,481	695,055	3,096,178	1,850,894	-	399,849	911,997	6,258,918
Day labor	-	339,118	-	8,391	-	-	347,509	19,247	-	59,372	10,816	436,944
Contract labor	-	-	-	-	-	-	-	23,564	-	-	498	24,062
Consulting	-	13,948	-	-	21,070	-	35,018	212,367	25,000	175,685	60,322	508,291
Other personnel costs	-	2,254	-	1,028	1,100	1,947	6,330	147,189	-	4,016	1,111	158,646
Professional development	-	2,025	-	264	2,466	1,960	6,715	13,062	-	1,220	2,624	23,621
Rubbish removal	-	52,631	-	-	-	-	52,631	-	-	-	-	52,631
Repairs and maintenance	-	209,368	-	-	-	-	209,368	4,685	-	-	-	214,053
Supplies	-	13,770	-	45	6,264	-	20,079	2,404	-	38	-	22,521
Utilities/security/insurance	-	233,240	-	3,910	4,134	3,910	245,194	11,426	-	3,577	4,881	265,078
Other building costs	-	33,235	-	-	494	-	33,729	-	-	-	-	33,729
Financing charges	-	-	-	-	-	-	-	51,348	-	-	-	51,348
Freight charges	-	-	-	-	-	1,404,592	1,404,592	-	-	-	-	1,404,592
Food distribution	38,580,875	-	-	-	-	-	38,580,875	-	-	-	-	38,580,875
Food purchases	13,926,077	-	-	-	-	111,635	14,037,712	-	-	-	-	14,037,712
Kitchen supplies	-	-	-	-	12,519	-	12,519	-	-	-	82	12,601
Fleet expense	-	260,725	-	1,017	-	-	261,742	347	-	-	40	262,129
Bank charges/processing fees	-	49	607,834	-	-	-	607,883	13,500	-	-	85,189	706,573
Computer maintenance and supplies	-	-	-	-	-	-	-	137,760	-	50	101	137,911
Other insurance	-	-	-	-	-	-	-	8,106	-	-	-	8,106
Legal and audit	-	-	-	-	-	-	-	372,551	-	-	6,000	378,551
Postage and printing	-	11	-	962	3,696	3,874	8,542	3,995	-	223,392	416,413	654,343
Advertising	-	-	-	210	-	968	1,178	6,509	-	369,393	1,201	378,281
Public relations	-	-	-	-	-	-	-	-	-	313	-	313
Commission expenses	-	-	-	-	-	-	-	-	-	-	-	-
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	265,695	265,695
Office expense	-	184,890	250	20,549	20,788	27,511	253,988	97,265	-	53,188	88,811	493,252
Staff travel	-	11,009	-	3,080	9,243	10,000	33,332	32,168	-	3,012	13,636	82,148
Feeding America fees	-	-	-	-	130	-	130	30,105	-	-	-	30,105
Volunteer expense	-	-	-	-	-	-	-	8,335	-	-	-	8,335
Depreciation	-	-	1,662,109	-	-	-	1,662,109	-	-	-	-	1,662,109
Allocated expenses	-	(903,884)	-	(186,234)	696,372	1,174,526	780,780	(671,847)	-	(108,933)	-	-
	\$ 52,506,952	\$ 2,047,051	\$ 2,270,193	\$ 263,202	\$ 1,174,757	\$ 3,435,978	\$ 61,698,133	\$ 2,351,316	\$ 25,000	\$ 1,209,736	\$ 1,869,418	\$ 67,153,603

The accompanying notes are an integral part of these consolidated financial statements.

THE GREATER BOSTON FOOD BANK, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

For the Year Ended September 30, 2011

	Food Distribution	Warehouse	Property	Member Services	Nutrition Programs	Food Acquisition Group	Total Program Services	General and Administrative	Lobbying	Marketing	Development	Total
Salaries	\$ -	\$ 1,027,236	\$ -	\$ 273,155	\$ 264,327	\$ 323,577	\$ 1,888,295	\$ 1,555,736	\$ -	\$ 264,640	\$ 683,814	\$ 4,392,485
Fringe benefits	-	308,067	-	67,045	86,768	76,514	538,394	286,735	-	42,067	135,732	1,002,928
Total salaries and fringe benefits	-	1,335,303	-	340,200	351,095	400,091	2,426,689	1,842,471	-	306,707	819,546	5,395,413
Day labor	-	536,657	-	28,652	-	-	565,309	3,144	-	47,369	7,335	623,157
Contract labor	-	-	-	-	-	-	-	-	-	229,561	2,500	232,061
Consulting	-	-	-	-	-	-	-	168,739	30,000	53,751	140,280	392,770
Other personnel costs	-	23,107	-	2,762	6,205	-	32,074	136,403	-	75	1,440	169,992
Professional development	-	-	-	40	610	816	1,466	19,200	-	-	423	21,089
Rubbish removal	-	-	-	-	973	1,511	74,249	-	-	-	-	74,249
Repairs and maintenance	-	71,765	-	-	-	-	283,271	-	-	-	-	283,271
Supplies	-	207,981	75,290	-	-	-	33,357	-	-	-	-	33,357
Utilities/security/insurance	-	18,245	-	-	15,112	-	334,531	15,084	-	4,723	6,443	360,781
Other building costs	-	319,923	-	5,162	4,284	5,162	34,073	-	-	-	-	34,073
Financing charges	-	34,073	-	-	-	-	-	-	-	-	-	-
Freight charges	-	-	-	-	-	-	-	51,348	-	-	48,218	99,566
Food distribution	31,613,004	-	-	-	-	527,612	527,612	-	-	-	-	527,612
Food purchases	13,188,806	-	-	-	-	122,307	31,613,004	-	-	-	-	31,613,004
Kitchen supplies	-	-	-	-	18,131	-	18,131	-	-	-	-	18,131
Fleet expense	-	296,608	-	-	-	-	296,608	758	-	-	105	297,471
Bank charges/processing fees (as adjusted)	-	612	557,786	-	-	-	558,398	27,401	-	-	85,000	670,799
Computer maintenance and supplies	-	-	-	-	-	-	-	89,800	-	-	17,073	106,873
Other insurance	-	-	-	-	250	-	250	8,311	-	-	-	8,561
Legal and audit	-	-	-	-	-	-	-	313,406	-	-	-	313,406
Postage and printing	-	2	-	1,203	7,383	3,332	11,920	10,291	-	107,258	714,118	843,587
Advertising	-	1,918	-	270	-	2,797	4,985	2,330	-	150,618	25,342	183,275
Public relations	-	-	-	-	-	-	-	-	-	25,448	-	25,448
Commission expenses	-	-	-	-	-	-	-	-	-	-	-	-
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	315,206	315,206
Office expense	-	143,858	559	15,692	14,333	20,509	194,951	95,831	-	97,572	150,947	539,301
Staff travel	-	7,070	-	1,601	10,871	8,958	28,500	34,313	-	778	12,605	76,196
Feeding America fees	-	-	-	-	-	-	-	50,156	-	-	-	50,156
Volunteer expense	-	-	-	-	-	-	-	2,119	-	-	-	2,119
Depreciation	-	-	1,627,256	-	-	-	1,627,256	-	-	-	-	1,627,256
Allocated expenses	-	(1,140,664)	-	(198,687)	583,281	1,487,425	731,355	(649,220)	-	(82,135)	-	-
	\$ 44,801,810	\$ 1,856,458	\$ 2,260,891	\$ 196,895	\$ 1,012,528	\$ 2,580,520	\$ 52,709,102	\$ 2,201,885	\$ 30,000	\$ 941,725	\$ 2,346,581	\$ 58,229,293

The accompanying notes are an integral part of these consolidated financial statements.

THE GREATER BOSTON FOOD BANK, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
(Decrease) increase in net assets	\$ (116,062)	\$ 1,260,540
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Depreciation and amortization	1,670,469	1,643,082
Loss (gain) on sale of property, plant and equipment	40,285	(29,150)
Donated property, plant and equipment	-	(95,844)
(Increase) decrease in operating assets		
Accounts receivable	490,871	306,318
Pledges receivable	491,969	346,835
Inventory	(570,365)	116,696
Prepaid expenses and other assets	(11,287)	106,250
Increase (decrease) in operating liabilities		
Accounts payable	(405,717)	112,246
Accrued expenses and other liabilities	248,766	120,729
Deferred revenue	(975,622)	(168,461)
Net cash provided by operating activities	<u>863,307</u>	<u>3,719,241</u>
Cash flows from investing activities		
Purchase of investments	(2,910,032)	-
Purchases of property, plant and equipment	(233,899)	(187,999)
Proceeds from sale of property, plant and equipment	-	29,150
Net cash used for investing activities	<u>(3,143,931)</u>	<u>(158,849)</u>
Cash flows from financing activities		
Cash restricted for investment in property and equipment	(65,995)	2,358,258
Cash restricted for revenue bonds	-	500,024
Repayments of obligations under capital leases	(96,279)	(71,709)
Principal payments on bonds payable	-	(3,700,000)
Net cash used for financing activities	<u>(162,274)</u>	<u>(913,427)</u>
Net (decrease) increase in cash and cash equivalents	(2,442,898)	2,646,965
Cash and cash equivalents - beginning of year	<u>8,530,617</u>	<u>5,883,652</u>
Cash and cash equivalents - end of year	<u>\$ 6,087,719</u>	<u>\$ 8,530,617</u>

The accompanying notes are an integral part of these consolidated financial statements.

