

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

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

September 30, 2018 and 2017

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 Consolidated 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, 2018 and 2017, 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 consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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*.

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, 2018 and 2017, 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 27 to 30 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 2018 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 2018 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 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 2018 consolidated financial statements or to the 2018 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 2018 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 January 16, 2019, 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 solely 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 the effectiveness of the Greater Boston Food Bank's 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
January 16, 2019

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statements of Financial Position
September 30, 2018 and 2017

<u>Assets</u>		
	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 7,649,566	\$ 4,897,891
Investments	5,214,960	6,591,174
Accounts receivable, net of allowance for doubtful accounts of approximately \$4,000 at September 30, 2018 and 2017	1,725,345	4,219,645
Pledges receivable, net of discounts	47,010	19,316
Inventory	2,983,323	3,189,809
Cash restricted for investment in property and equipment	113,523	233,049
Property, plant and equipment, net	23,116,670	22,497,499
Prepaid expenses and other assets	297,487	265,914
	<u> </u>	<u> </u>
Total assets	<u>\$ 41,147,884</u>	<u>\$ 41,914,297</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 1,056,673	\$ 1,437,368
Accrued expenses and other liabilities	1,740,989	2,752,064
Deferred revenue	18,042	23,753
Obligations under capital leases	1,029,392	588,532
	<u> </u>	<u> </u>
Total liabilities	<u>3,845,096</u>	<u>4,801,717</u>
Commitments		
Net assets		
Unrestricted		
Board designated	5,899,787	4,861,328
Other unrestricted	28,990,685	29,771,949
	<u> </u>	<u> </u>
Total unrestricted	34,890,472	34,633,277
Temporarily restricted	2,412,316	2,479,303
	<u> </u>	<u> </u>
Total net assets	<u>37,302,788</u>	<u>37,112,580</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 41,147,884</u>	<u>\$ 41,914,297</u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Activities
Year Ended September 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Operating Support			
Institutional contributions	\$ 6,067,669	\$ 1,864,881	\$ 7,932,550
Food donations	-	56,485,806	56,485,806
Contributed services	661,180	-	661,180
Special events	795,487	-	795,487
Individual contributions	10,520,902	-	10,520,902
	<u>18,045,238</u>	<u>58,350,687</u>	<u>76,395,925</u>
Total support			
Revenue			
State income - MEFAP	16,584,134	-	16,584,134
Shared maintenance fees	681,466	-	681,466
Coop income	3,233,752	-	3,233,752
USDA reimbursement	850,144	-	850,144
Interest and dividends	55,084	-	55,084
Rental income, net of expenses of \$99,046	404,217	-	404,217
Other	180,701	-	180,701
	<u>21,989,498</u>	<u>-</u>	<u>21,989,498</u>
Total revenue			
Net assets released from restrictions			
Food distribution	56,460,961	(56,460,961)	-
Satisfaction of donor restrictions	1,956,713	(1,956,713)	-
	<u>58,417,674</u>	<u>(58,417,674)</u>	<u>-</u>
Total support and revenue	<u>98,452,410</u>	<u>(66,987)</u>	<u>98,385,423</u>

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Activities
Year Ended September 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Expenses			
Program services			
Food distribution	76,379,877	-	76,379,877
Warehouse	2,312,095	-	2,312,095
Property	1,528,966	-	1,528,966
Agency relations	498,456	-	498,456
Nutrition programs	2,237,774	-	2,237,774
Food Acquisition Group	5,816,789	-	5,816,789
Health & Research	372,209	-	372,209
Collaboratory	477,640	-	477,640
	<u>89,623,806</u>	<u>-</u>	<u>89,623,806</u>
Total program services			
Support services			
General and administrative	3,490,256	-	3,490,256
Lobbying	54,974	-	54,974
Marketing	1,248,365	-	1,248,365
Development	3,665,491	-	3,665,491
	<u>8,459,086</u>	<u>-</u>	<u>8,459,086</u>
Total support services			
Total expenses	<u>98,082,892</u>	<u>-</u>	<u>98,082,892</u>
Increase (decrease) in net assets from operating activities	<u>369,518</u>	<u>(66,987)</u>	<u>302,531</u>
Nonoperating activities			
Gain (loss) on disposal of property, plant and equipment	(112,323)	-	(112,323)
Net assets released from restrictions	-	-	-
	<u>(112,323)</u>	<u>-</u>	<u>(112,323)</u>
Increase (decrease) in net assets from nonoperating activities			
Change in net assets	<u>\$ 257,195</u>	<u>\$ (66,987)</u>	<u>\$ 190,208</u>

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Activities
Year Ended September 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Operating Support			
Institutional contributions	\$ 5,088,408	\$ 1,306,246	\$ 6,394,654
Food donations	-	56,188,708	56,188,708
Contributed services	605,363	-	605,363
Special events	821,415	-	821,415
Individual contributions	9,623,047	-	9,623,047
	<u>16,138,233</u>	<u>57,494,954</u>	<u>73,633,187</u>
Total support			
Revenue			
State income - MEFAP	16,890,189	-	16,890,189
Shared maintenance fees	831,139	-	831,139
Coop income	3,089,868	-	3,089,868
USDA reimbursement	722,115	-	722,115
Interest and dividends	93,615	-	93,615
Rental income, net of expenses of \$146,587	69,413	-	69,413
Other	167,722	-	167,722
	<u>21,864,061</u>	<u>-</u>	<u>21,864,061</u>
Total revenue			
Net assets released from restrictions			
Food distribution	55,855,337	(55,855,337)	-
Satisfaction of donor restrictions	1,344,713	(1,344,713)	-
	<u>57,200,050</u>	<u>(57,200,050)</u>	<u>-</u>
Total support and revenue	<u>95,202,344</u>	<u>294,904</u>	<u>95,497,248</u>

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Activities
Year Ended September 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Expenses			
Program services			
Food distribution	75,214,092	-	75,214,092
Warehouse	2,005,470	-	2,005,470
Property	1,437,085	-	1,437,085
Agency relations	460,981	-	460,981
Nutrition programs	2,125,898	-	2,125,898
Food Acquisition Group	5,982,386	-	5,982,386
Total program services	<u>87,225,912</u>	<u>-</u>	<u>87,225,912</u>
Support services			
General and administrative	3,727,540	-	3,727,540
Lobbying	78,793	-	78,793
Marketing	1,449,834	-	1,449,834
Development	3,517,136	-	3,517,136
Total support services	<u>8,773,303</u>	<u>-</u>	<u>8,773,303</u>
Total expenses	<u>95,999,215</u>	<u>-</u>	<u>95,999,215</u>
Increase (decrease) in net assets from operating activities	<u>(796,871)</u>	<u>294,904</u>	<u>(501,967)</u>
Nonoperating activities			
Gain (loss) on sale of property, plant and equipment	9,493	-	9,493
Net assets released from restrictions	88,210	(88,210)	-
Increase (decrease) in net assets from nonoperating activities	<u>97,703</u>	<u>(88,210)</u>	<u>9,493</u>
Change in net assets	<u>\$ (699,168)</u>	<u>\$ 206,694</u>	<u>\$ (492,474)</u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statements of Functional Expenses Year Ended September 30, 2018

	Program Services								Support Services				Total		
	Food Distribution	Warehouse	Agency Relations	Nutrition Programs	Food Acquisition Group	Health & Research	Collaboratory	Property	Total Program Services	General and Administrative	Lobbying	Marketing		Development	Total Support Services
Salaries	\$ -	\$ 2,110,213	\$ 550,518	\$ 368,107	\$ 838,559	\$ 215,324	\$ 31,370	\$ -	\$ 4,114,091	\$ 2,424,283	\$ -	\$ 549,569	\$ 1,453,702	\$ 4,427,554	\$ 8,541,645
Fringe benefits	-	482,555	123,294	99,069	166,628	31,566	6,785	-	909,897	470,330	-	89,566	291,596	851,492	1,761,389
Total salaries and fringe benefits	-	2,592,768	673,812	467,176	1,005,187	246,890	38,155	-	5,023,988	2,894,613	-	639,135	1,745,298	5,279,046	10,303,034
Day labor	-	87,027	-	-	-	-	4,968	-	91,995	89,438	-	-	10,226	99,664	191,659
Consulting	-	750	-	18,300	-	87,335	332,398	-	438,783	277,127	54,974	80,099	479,140	891,340	1,330,123
Other personnel costs	-	63,122	962	352	921	237	-	-	65,594	270,292	-	8,123	6,180	284,595	350,189
Professional development	-	1,990	1,014	2,075	1,440	4,168	-	-	10,687	26,012	-	7,402	5,956	39,370	50,057
Rubbish removal	-	36,455	-	-	-	-	-	-	36,455	-	-	-	-	-	36,455
Repairs and maintenance	-	299,959	32	-	-	-	-	-	299,991	-	-	-	-	-	299,991
Supplies	-	23,979	176	3,439	3,172	80	-	-	30,846	36	-	-	72	108	30,954
Utilities/security/insurance	-	263,347	10,662	6,177	10,110	-	-	-	290,296	23,828	-	7,281	19,374	50,483	340,779
Other building costs	-	31,024	-	-	-	-	-	-	31,024	-	-	-	-	-	31,024
Freight charges	-	21,022	-	-	2,912,213	-	-	-	2,933,235	-	-	-	-	-	2,933,235
Food distribution	55,913,392	-	-	597,744	-	-	-	-	56,511,136	-	-	-	-	-	56,511,136
Food purchases	20,466,485	-	-	-	-	-	-	-	20,466,485	-	-	-	-	-	20,466,485
Program supplies	-	-	-	20,083	-	-	-	-	20,083	-	-	-	-	-	20,083
Fleet expense	-	170,761	5,741	-	-	39	-	-	176,541	5,604	-	-	-	5,604	182,145
Bank charges/processing fees	-	419	-	-	-	-	-	-	419	14,544	-	-	125,535	140,079	140,498
Computer maintenance and supplies	-	-	-	-	-	-	-	-	-	405,126	-	-	-	405,126	405,126
Other insurance	-	-	-	-	-	-	-	-	-	9,962	-	-	-	9,962	9,962
Legal and audit	-	1,982	-	-	-	-	-	-	1,982	311,974	-	-	-	311,974	313,956
Postage and printing	-	819	511	10,324	1,320	545	1,122	-	14,641	5,974	-	144,838	688,893	839,695	854,336
Advertising	-	-	-	-	1,800	-	-	-	1,800	2,892	-	449,759	179,722	632,373	634,173
Special events - direct costs	-	-	-	-	-	-	421	-	421	-	-	-	320,678	320,678	321,099
Office expense	-	190,391	25,813	19,116	27,670	25,638	93,657	34	382,319	100,253	-	25,559	58,994	184,806	567,125
Program expense	-	-	140,765	-	-	-	-	-	140,765	-	-	504	-	504	141,269
Staff travel	-	8,957	12,419	14,983	11,893	7,277	6,919	-	62,448	45,650	-	8,165	25,433	79,248	141,696
Feeding America fees	-	-	-	-	-	-	-	-	-	33,443	-	-	-	33,443	33,443
Volunteer expense	-	-	-	262	-	-	-	-	262	948	-	-	-	948	1,210
Depreciation and amortization	-	-	-	-	-	-	-	1,528,932	1,528,932	-	-	-	-	-	1,528,932
Allocated expenses	-	(1,482,677)	(373,451)	1,077,743	1,841,063	-	-	-	1,062,678	(1,027,460)	-	(122,500)	-	(1,149,960)	(87,282)
	\$ 76,379,877	\$ 2,312,095	\$ 498,456	\$ 2,237,774	\$ 5,816,789	\$ 372,209	\$ 477,640	\$ 1,528,966	\$ 89,623,806	\$ 3,490,256	\$ 54,974	\$ 1,248,365	\$ 3,665,491	\$ 8,459,086	\$ 98,082,892

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statements of Functional Expenses Year Ended September 30, 2017

	Total Program Services								Total Support Services					Total	
	Food Distribution	Warehouse	Agency Relations	Nutrition Programs	Food Acquisition Group	Health & Research	Collaboratory	Property	Total Program Services	General and Administrative	Lobbying	Marketing	Development		Total Support Services
Salaries	\$ -	\$ 1,839,248	\$ 571,445	\$ 317,503	\$ 777,776	\$ -	\$ -	\$ -	\$ 3,505,972	\$ 2,353,854	\$ -	\$ 588,062	\$ 1,367,361	\$ 4,309,277	\$ 7,815,249
Fringe benefits	-	448,614	136,545	83,260	170,868	-	-	-	839,287	486,213	-	112,941	280,709	879,863	1,719,150
Total salaries and fringe benefits	-	2,287,862	707,990	400,763	948,644	-	-	-	4,345,259	2,840,067	-	701,003	1,648,070	5,189,140	9,534,399
Day labor	-	178,629	-	-	-	-	-	-	178,629	30,497	-	-	-	30,497	209,126
Consulting	-	1,400	-	-	-	-	-	-	1,400	825,568	78,793	98,501	435,742	1,438,604	1,440,004
Other personnel costs	-	28,250	1,069	818	1,572	-	-	-	31,709	229,108	-	919	1,674	231,701	263,410
Professional development	-	2,465	618	3,428	2,870	-	-	-	9,381	20,808	-	3,711	2,574	27,093	36,474
Rubbish removal	-	28,561	-	-	-	-	-	-	28,561	-	-	-	-	-	28,561
Repairs and maintenance	-	254,545	-	-	-	-	-	-	254,545	524	-	-	-	524	255,069
Supplies	-	24,694	1,943	4,274	8,188	-	-	-	39,099	-	-	-	-	-	39,099
Utilities/security/insurance	-	260,390	11,013	6,380	10,442	-	-	-	288,225	24,612	-	7,521	20,011	52,144	340,369
Other building costs	-	34,010	-	-	-	-	-	-	34,010	-	-	-	-	-	34,010
Financing charges	-	-	-	-	-	-	-	-	-	5,086	-	-	-	5,086	5,086
Freight charges	-	6,590	-	-	2,952,683	-	-	-	2,959,273	-	-	-	-	-	2,959,273
Food distribution	55,311,671	-	-	569,183	-	-	-	-	55,880,854	-	-	-	-	-	55,880,854
Food purchases	19,902,421	-	-	-	-	-	-	-	19,902,421	-	-	-	-	-	19,902,421
Program supplies	-	-	-	23,602	-	-	-	-	23,602	-	-	-	-	-	23,602
Fleet expense	-	170,854	6,921	14	-	-	-	-	177,789	6,786	-	-	-	6,786	184,575
Bank charges/processing fees	-	381	-	-	-	-	-	-	381	11,756	-	-	119,118	130,874	131,255
Computer maintenance and supplies	-	-	-	-	-	-	-	-	-	349,346	-	-	-	349,346	349,346
Other insurance	-	-	-	-	-	-	-	-	-	10,894	-	-	-	10,894	10,894
Legal and audit	-	-	-	-	-	-	-	-	-	237,595	-	-	-	237,595	237,595
Postage and printing	-	49	334	9,497	978	-	-	-	10,858	3,513	-	167,764	697,129	868,406	879,264
Advertising	-	-	-	-	1,724	-	-	-	1,724	11,316	-	608,296	175,598	795,210	796,934
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office expense	-	180,068	25,704	17,563	25,519	-	-	35	248,889	135,905	-	19,062	67,905	222,872	471,761
Program expense	-	-	130,383	-	-	-	-	-	130,383	-	-	-	-	-	130,383
Staff travel	-	10,676	18,808	13,306	20,666	-	-	-	63,456	58,219	-	1,380	32,938	92,537	155,993
Feeding America fees	-	-	-	-	-	-	-	-	-	33,210	-	-	-	33,210	33,210
Volunteer expense	-	-	-	-	-	-	-	-	-	650	-	-	-	650	650
Depreciation and amortization	-	-	-	-	-	-	-	1,437,050	1,437,050	-	-	-	-	-	1,437,050
Allocated expenses	-	(1,463,954)	(443,802)	1,077,070	2,009,100	-	-	-	1,178,414	(1,107,920)	-	(158,323)	-	(1,266,243)	(87,829)
Total	\$ 75,214,092	\$ 2,005,470	\$ 460,981	\$ 2,125,898	\$ 5,982,386	\$ -	\$ -	\$ 1,437,085	\$ 87,225,912	\$ 3,727,540	\$ 78,793	\$ 1,449,834	\$ 3,517,136	\$ 8,773,303	\$ 95,999,215

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, 2018 and 2017**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Consolidated</u>
Beginning balance, October 1, 2016	\$ 35,332,445	\$ 2,272,609	\$ 37,605,054
Change in net assets	<u>(699,168)</u>	<u>206,694</u>	<u>(492,474)</u>
Ending balance, September 30, 2017	34,633,277	2,479,303	37,112,580
Change in net assets	<u>257,195</u>	<u>(66,987)</u>	<u>190,208</u>
Ending balance, September 30, 2018	<u>\$ 34,890,472</u>	<u>\$ 2,412,316</u>	<u>\$ 37,302,788</u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Cash Flows
Years Ended September 30, 2018 and 2017**

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 190,208	\$ (492,474)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	1,536,822	1,448,886
Loss (gain) on sale of property, plant and equipment	-	(18,650)
Loss (gain) on disposal of property, plant and equipment	112,323	9,157
Unrealized (gain) loss on investments	58,238	14,383
Realized (gain) loss on investments	(1,235)	(2,323)
Increase (decrease) in operating assets and liabilities		
Accounts receivable	2,494,300	(3,485,082)
Pledges receivable	(27,694)	-
Inventory	206,486	(690,298)
Prepaid expenses and other assets	(31,573)	55,210
Accounts payable	(360,082)	538,708
Accrued expenses and other liabilities	(1,011,075)	1,172,424
Deferred revenue	(5,711)	(647,219)
	<u>3,161,007</u>	<u>(2,097,278)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Purchase of investments	(15,020,789)	(15,136,279)
Sale of investments	16,340,000	14,785,000
Purchases of property, plant and equipment	(1,633,650)	(163,139)
Proceeds (loss) from sale of property, plant and equipment	-	9,493
	<u>(314,439)</u>	<u>(504,925)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Cash restricted for investment in property and equipment	119,526	126,677
Repayments of obligations under capital leases	(214,419)	(202,537)
	<u>(94,893)</u>	<u>(75,860)</u>
Net cash used in financing activities		
Net increase (decrease) in cash and cash equivalents	2,751,675	(2,678,063)
Cash and cash equivalents - beginning of year	<u>4,897,891</u>	<u>7,575,954</u>
Cash and cash equivalents - end of year	<u>\$ 7,649,566</u>	<u>\$ 4,897,891</u>

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Cash Flows
Years Ended September 30, 2018 and 2017**

	2018	2017
Supplemental disclosures of noncash investing and financing activities		
Acquisition of property and equipment	\$ 2,192,118	\$ 497,297
Less: equipment funded through capital lease obligation	(655,279)	(336,700)
Less: construction in process in accounts payable	-	(20,613)
Add: construction in process in accounts payable	20,613	-
Increase in construction in process	76,198	23,155
 Total cash paid for fixed assets	 \$ 1,633,650	 \$ 163,139
 Fixed assets disposed	 \$ 1,462,788	 \$ 648,189
Write-off of related accumulated depreciation	(1,350,465)	(639,032)
 Loss (gain) on disposal	 \$ 112,323	 \$ 9,157

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2018 and 2017

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, providing meals to more than 46 million people each year via 60,000 food pantries and meals programs.

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, 2018 and 2017

Included in unrestricted net assets are Board of Directors designated net assets of \$5,899,787 and \$4,861,328 as of September 30, 2018 and 2017, 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 a tax-exempt organization 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 is subject to income tax on unrelated business income related to rental income. GBFB does not expect any significant changes in the next 12 months. The open years for federal and state returns include 2015 through 2017.

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 rate was 2.5% and 1% for the years ended September 30, 2018 and 2017, respectively.

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, 2018 and 2017.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2018 and 2017**

Pledges are expected to be collected as follows:

	<u>2018</u>	<u>2017</u>
In one year or less	\$ 25,000	\$ 20,000
Between one and two years	<u>25,000</u>	<u>-</u>
	50,000	20,000
Less: discounts to net present value	<u>2,990</u>	<u>684</u>
Total pledges receivable, net	<u>\$ 47,010</u>	<u>\$ 19,316</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, 2018 and 2017, GBFB had cash deposits of \$7,500,000 and \$4,500,000 and investment deposits of \$1,000,000 and \$400,000, 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, 2018</u>	<u>September 30, 2017</u>
Coop Program	Cost (FIFO)	Cost (FIFO)
Donated Inventory	\$1.68/pound	\$1.73/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 December 31, 2017 and 2016 prepared for Feeding America for use by member food banks.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2018 and 2017

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 administered 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, 2018 and 2017, accounts receivable relating to this program amounted to \$231,349 and \$239,620, respectively.

MEFAP

MEFAP is the Massachusetts Emergency Food Assistance Program, which is a line item in the state budget. GBFB has 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, 2018 and 2017, deferred revenue from MEFAP was \$0 and \$8,462, respectively. GBFB had a receivable from the MDE in the amount of \$1,235,217 and \$3,585,808 for the years ended September 30, 2018 and 2017, 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 and most dairy items. This shared maintenance 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, 2018 and 2017

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 expense 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 estimated 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 2018 or 2017.

Investments

Investments consist of mutual funds. 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, 2018 and 2017

Advertising

Advertising costs are expensed as incurred and amounted to \$634,173 and \$796,934 for the years ended September 30, 2018 and 2017, respectively. Included in advertising expense is \$179,072 and \$288,144 of contributed advertising for the years ended September 30, 2018 and 2017, respectively, see Note 11.

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 information has been reclassified to conform to the current year consolidated financial statement presentation.

Subsequent events

Subsequent events have been evaluated through January 16, 2019, which is the date the consolidated financial statements were available to be issued (see Note 16).

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, 2018 and 2017, temporarily restricted net assets are restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Food distribution	\$ 2,251,783	\$ 2,226,938
Purpose restricted gifts	<u>160,533</u>	<u>252,365</u>
Totals	<u>\$ 2,412,316</u>	<u>\$ 2,479,303</u>

Note 4 - Food distribution

For the years ended September 30, 2018 and 2017, GBFB distributed 51,086,300 and 50,077,800 meals (excluding SNAP) which equates to 61,828,827 and 60,782,501 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 \$1.68 and \$1.73 per pound if donated in 2018 and 2017, respectively. In addition to the pounds of food reported in the consolidated financial statements, GBFB is responsible for the distribution of enabled product. Enabled product represents product received from donors which are retrieved directly by member agencies eliminating GBFB's need to handle the product. GBFB is responsible for the distribution of referred product, which represents product offered to GBFB that GBFB elects not to accept, but refers that product to other food banks under Feeding America referral guidelines. 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, 2018 and 2017

For the years ended September 30, 2018 and 2017, GBFB enabled 6,038,118 and 4,354,449 pounds of food, respectively. For the years ended September 30, 2018 and 2017, GBFB referred 241,457 and 157,483 pounds of food, respectively. The value of these enabled and referred pounds is \$10,549,686 and \$7,805,642 for the years ended September 30, 2018 and 2017, respectively.

Note 5 - Property, plant and equipment, net

Property, plant and equipment at September 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 2,579,923	\$ 2,579,923
Buildings and improvements	27,754,179	27,690,715
Equipment, furniture and fixtures	2,333,066	2,275,207
Computer software	1,456,901	1,050,014
Trucks and automobiles	2,086,389	1,885,270
Construction in progress	<u>127,415</u>	<u>51,217</u>
	36,337,873	35,532,346
Less: Accumulated depreciation and amortization	<u>13,221,203</u>	<u>13,034,847</u>
	<u>\$ 23,116,670</u>	<u>\$ 22,497,499</u>

Depreciation and amortization expense was \$1,536,822 and \$1,448,886 for the years ended September 30, 2018 and 2017, respectively.

Included in property, plant and equipment at both September 30, 2018 and 2017 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 fiscal years 2018 and 2017, the match is 25 cents for every one dollar contributed up to 8% of an employee's gross compensation. While GBFB expects to continue the Plan indefinitely, the Plan's trustees reserve the right to modify, amend or terminate the Plan. GBFB's discretionary matching contributions under the Plan amounted to \$120,448 and \$110,191 for the years ended September 30, 2018 and 2017, 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 \$434,564 and \$337,113 as of September 30, 2018 and 2017, 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, 2018 and 2017**

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, 2018 and 2017. The imputed interest rates range from 4.1% to 9.7%. A summary of capitalized lease cost and accumulated amortization as of September 30, 2018 and 2017 is as follows:

	2018	2017
Cost	\$ 2,032,856	\$ 1,377,577
Accumulated amortization	(657,396)	(1,001,558)
Net book value	\$ 1,375,460	\$ 376,019

For the years ended September 30, 2018 and 2017, amortization expense amounted to \$135,873 and \$143,045, 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, 2018:

Years ending September 30,	Amount
2019	\$ 276,142
2020	206,285
2021	208,880
2022	191,297
2023	188,986
Thereafter	247,567
Total minimum lease payments	1,319,157
Less amount representing interest	(289,765)
Net present value of future minimum lease payments	\$ 1,029,392

Note 8 - 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.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2018 and 2017**

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, 2018 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds - Federal	\$ 4,115,533	\$ -	\$ -	\$ 4,115,533
Mutual funds - Treasury Bond Index	664,863	-	-	664,863
Mutual funds - 457(b) Plan	<u>434,564</u>	<u>-</u>	<u>-</u>	<u>434,564</u>
Total Mutual Funds	<u>\$ 5,214,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,214,960</u>

The fair value of GBFB's investments that are reported in the accompanying consolidated statement of financial position as of September 30, 2017 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds - Federal	\$ 4,550,127	\$ -	\$ -	\$ 4,550,127
Mutual funds - Treasury Bond Index	1,703,924	-	-	1,703,924
Mutual funds - 457(b) Plan	<u>337,123</u>	<u>-</u>	<u>-</u>	<u>337,123</u>
Total Mutual Funds	<u>\$ 6,591,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,591,174</u>

The 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, 2018 and 2017.

Investments in mutual funds 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 Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2018 and 2017**

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 9 - 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 are included in other revenue on the consolidated statements of activities. The fair value was as follows at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Mutual funds	\$ 5,214,960	\$ 6,591,174
Totals	<u>\$ 5,214,960</u>	<u>\$ 6,591,174</u>

Note 10 - 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, 2018 and 2017, the value of in-kind gifts received was \$4,260 and \$4,360, respectively, and is included in institutional contributions on the consolidated statements of activities.

Note 11 - 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, 2018 and 2017, all donated services were expenses and consisted of the following:

	<u>2018</u>	<u>2017</u>
Auditing	\$ 62,063	\$ 52,775
Legal	182,170	80,457
Consulting	100,000	100,000
Advertising	179,072	288,144
Fundraising	82,800	83,987
Other	55,075	-
Totals	<u>\$ 661,180</u>	<u>\$ 605,363</u>

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2018 and 2017**

Note 12 - 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 March 2020. The lease was amended on November 6, 2018, as more fully described in Note 16. Future payments to be received under this rental agreement for the years subsequent to September 30, 2018 are as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2019	\$ 216,000
2020	108,000
Total	<u>\$ 324,000</u>

Included in the rental expense for the years ended September 30, 2018 and 2017 is depreciation expense totaling \$7,890 and \$11,836, respectively.

Note 13 - Operating lease commitments

GBFB leases office equipment under operating lease arrangements extending through July 2021. The approximate aggregate minimum lease payments for noncancellable lease arrangements related to this equipment is \$8,000 for the year ended September 30, 2018.

Future minimum lease payments for years subsequent to September 30, 2018 are as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2019	\$ 8,340
2020	8,340
2021	6,996
Total	<u>\$ 23,676</u>

Equipment rent expense amounted to \$8,340 and \$9,739 for the years ended September 30, 2018 and 2017, respectively.

Note 14 - Related party transactions

GBFB leased 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 provided for minimum monthly lease payments. Rental income and expense were being recognized on a straight-line basis over a 7-year period from the lease inception which was the probable effective lease period.

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. Total lease expense for the years ended September 30, 2018 and 2017 was \$1,000 for each year and has been eliminated during consolidation.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2018 and 2017**

Note 15 - Concentrations of risk

For the years ended September 30, 2018 and 2017, approximately 17% and 18%, respectively, of GBFB's total support and revenues were derived from MEFAP.

For the years ended September 30, 2018 and 2017, approximately 32% and 39%, respectively, of GBFB's total food purchases were from three vendors.

For the years ended September 30, 2018 and 2017, approximately 30% and 25%, respectively, of the total food distributed was MEFAP food. For the years ended September 30, 2018 and 2017, approximately 13% and 12%, respectively, of the total food distributed was USDA food.

Note 16 - Subsequent event

Effective November 6, 2018, GBFB entered into the First Amendment to Billboard Sublease with an unrelated third party for the use of their billboard. Per the terms of this Amendment, the lessee has two remaining options to extend the lease agreement for an additional five years each (expiring March 31, 2025 and 2030, respectively), and has an option to extend the sublease for one additional 10-year renewal term to commence on April 1, 2030. If extended, the monthly rental payments shall automatically increase by either the CPI Adjustment as provided for in the Sublease, or by 5% of the prior Fixed Payment, whichever is greater.

Supplementary Information

The Greater Boston Food Bank, Inc. and Subsidiary

Supplementary Information

Consolidating Statement of Financial Position
September 30, 2018

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
<u>Assets</u>				
Cash and cash equivalents	\$ 7,552,988	\$ 96,578	\$ -	\$ 7,649,566
Investments	5,214,960	-	-	5,214,960
Accounts receivable, net of allowance for doubtful accounts of approximately \$4,000	1,724,382	963	-	1,725,345
Pledges receivable, net	47,010	-	-	47,010
Inventory	2,983,323	-	-	2,983,323
Cash restricted for investment in property and equipment	113,523	-	-	113,523
Property, plant and equipment, net	4,830,134	18,563,082	(276,546)	23,116,670
Prepaid expenses and other assets	297,487	-	-	297,487
Total assets	\$ 22,763,807	\$ 18,660,623	\$ (276,546)	\$ 41,147,884
<u>Liabilities and Net Assets</u>				
Liabilities				
Accounts payable	\$ 1,056,673	\$ -	\$ -	\$ 1,056,673
Accrued expenses and other liabilities	1,740,989	-	-	1,740,989
Deferred revenue	17,250	792	-	18,042
Obligations under capital leases	1,029,392	-	-	1,029,392
Total liabilities	3,844,304	792	-	3,845,096
Net assets				
Unrestricted				
Board designated	5,899,787	-	-	5,899,787
Other unrestricted	10,607,400	18,659,831	(276,546)	28,990,685
Total unrestricted	16,507,187	18,659,831	(276,546)	34,890,472
Temporarily restricted	2,412,316	-	-	2,412,316
Total net assets	18,919,503	18,659,831	(276,546)	37,302,788
Total liabilities and net assets	\$ 22,763,807	\$ 18,660,623	\$ (276,546)	\$ 41,147,884

See Independent Auditor's Report.

The Greater Boston Food Bank, Inc. and Subsidiary

Supplementary Information

**Consolidating Statement of Activities
Year Ended September 30, 2018**

	<u>The Greater Boston Food Bank, Inc.</u>	<u>GBFB Realty, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Operating Support				
Institutional contributions	\$ 7,932,550	\$ -	\$ -	\$ 7,932,550
Food donations	56,485,806	-	-	56,485,806
Contributed services	661,180	-	-	661,180
Special events	795,487	-	-	795,487
Individual contributions	<u>10,520,902</u>	<u>-</u>	<u>-</u>	<u>10,520,902</u>
Total support	<u>76,395,925</u>	<u>-</u>	<u>-</u>	<u>76,395,925</u>
Revenue				
State income - MEFAP	16,584,134	-	-	16,584,134
Shared maintenance fees	681,466	-	-	681,466
Coop income	3,233,752	-	-	3,233,752
USDA reimbursement	850,144	-	-	850,144
Interest and dividends	54,727	357	-	55,084
Rental income, net of expenses of \$99,046	404,217	1,000	(1,000)	404,217
Other	<u>180,701</u>	<u>-</u>	<u>-</u>	<u>180,701</u>
Total revenue	<u>21,989,141</u>	<u>1,357</u>	<u>(1,000)</u>	<u>21,989,498</u>
Total support and revenue	<u>98,385,066</u>	<u>1,357</u>	<u>(1,000)</u>	<u>98,385,423</u>

The Greater Boston Food Bank, Inc. and Subsidiary

Supplementary Information

**Consolidating Statement of Activities
Year Ended September 30, 2018**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Expenses				
Program services				
Food distribution	76,379,877	-	-	76,379,877
Warehouse	2,312,095	-	-	2,312,095
Property	532,741	997,225	(1,000)	1,528,966
Agency relations	498,456	-	-	498,456
Nutrition programs	2,237,774	-	-	2,237,774
Food Acquisition Group	5,816,789	-	-	5,816,789
Health & Research	372,209	-	-	372,209
Collaboratory	477,640	-	-	477,640
Total program services	<u>88,627,581</u>	<u>997,225</u>	<u>(1,000)</u>	<u>89,623,806</u>
Support services				
General and administrative	3,490,256	-	-	3,490,256
Lobbying	54,974	-	-	54,974
Marketing	1,248,365	-	-	1,248,365
Development	3,665,491	-	-	3,665,491
Total support services	<u>8,459,086</u>	<u>-</u>	<u>-</u>	<u>8,459,086</u>
Total expenses	<u>97,086,667</u>	<u>997,225</u>	<u>(1,000)</u>	<u>98,082,892</u>
Increase (decrease) in net assets from operating activities	<u>1,298,399</u>	<u>(995,868)</u>	<u>-</u>	<u>302,531</u>
Nonoperating				
Gain (loss) on disposal of property, plant and equipment	<u>(112,323)</u>	<u>-</u>	<u>-</u>	<u>(112,323)</u>
Decrease in net assets from nonoperating activities	<u>(112,323)</u>	<u>-</u>	<u>-</u>	<u>(112,323)</u>
Change in net assets	<u>\$ 1,186,076</u>	<u>\$ (995,868)</u>	<u>\$ -</u>	<u>\$ 190,208</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, 2018**

	<u>The Greater Boston Food Bank, Inc.</u>	<u>GBFB Realty, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Beginning balance, October 1, 2017	\$ 17,733,427	\$ 19,655,699	\$ (276,546)	\$ 37,112,580
Change in net assets	<u>1,186,076</u>	<u>(995,868)</u>	<u>-</u>	<u>190,208</u>
Ending balance, September 30, 2018	<u>\$ 18,919,503</u>	<u>\$ 18,659,831</u>	<u>\$ (276,546)</u>	<u>\$ 37,302,788</u>

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