

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

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

**September 30, 2019 and 2018**

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**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, 2019 and 2018, 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, 2019 and 2018, 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.

*Emphasis-of-Matter*

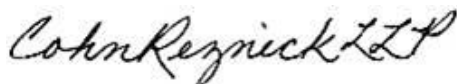
As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements* of Not-for-Profit Entities as of and for the year ended September 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

*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 2019 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 2019 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 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 2019 consolidated financial statements or to the 2019 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 2019 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 17, 2020, 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 17, 2020

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

**Consolidated Statements of Financial Position  
September 30, 2019 and 2018**

<u>Assets</u>		
	2019	2018
Cash and cash equivalents	\$ 6,266,724	\$ 7,649,566
Investments	5,752,706	5,214,960
Accounts receivable, net of allowance for doubtful accounts of approximately \$4,000 at September 30, 2019 and 2018	4,815,776	1,725,345
Promises to give, net of discounts	23,215	47,010
Inventory	3,854,049	2,983,323
Cash restricted for investment in property and equipment	25,051	113,523
Property, plant and equipment, net	22,217,618	23,116,670
Prepaid expenses and other assets	354,015	297,487
	<b>\$ 43,309,154</b>	<b>\$ 41,147,884</b>
<b>Total assets</b>	<b>\$ 43,309,154</b>	<b>\$ 41,147,884</b>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 839,649	\$ 1,056,673
Accrued expenses and other liabilities	2,436,260	1,740,989
Deferred revenue	35,792	18,042
Obligations under capital leases	990,120	1,029,392
	4,301,821	3,845,096
<b>Total liabilities</b>	<b>4,301,821</b>	<b>3,845,096</b>
Commitments		
Net assets		
Without donor restrictions - Board designated	2,186,913	5,899,787
Without donor restrictions	33,778,380	28,990,685
Total net assets without donor restrictions	35,965,293	34,890,472
With donor restrictions	3,042,040	2,412,316
Total net assets	39,007,333	37,302,788
Total liabilities and net assets	<b>\$ 43,309,154</b>	<b>\$ 41,147,884</b>

See Notes to Consolidated Financial Statements.

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

**Consolidated Statements of Activities  
Year Ended September 30, 2019**

	Without donor restrictions	With donor restrictions	Total
Operating Support			
Institutional contributions	\$ 6,980,355	\$ 1,568,389	\$ 8,548,744
Food donations	-	62,337,442	62,337,442
Contributed services	1,140,783	-	1,140,783
Special events	1,034,688	-	1,034,688
Individual contributions	10,816,184	-	10,816,184
	<u>19,972,010</u>	<u>63,905,831</u>	<u>83,877,841</u>
Total support			
Revenue			
State income - MEFAP	17,715,867	-	17,715,867
Shared maintenance fees	678,831	-	678,831
Coop income	3,863,728	-	3,863,728
USDA reimbursement	1,557,904	-	1,557,904
Interest and dividends	572,381	-	572,381
Rental income, net of expenses of \$158,040	79,960	-	79,960
Other	124,263	-	124,263
	<u>24,592,934</u>	<u>-</u>	<u>24,592,934</u>
Total revenue			
Net assets released from restrictions			
Food distribution	61,595,451	(61,595,451)	-
Satisfaction of donor restrictions	1,680,656	(1,680,656)	-
	<u>63,276,107</u>	<u>(63,276,107)</u>	<u>-</u>
Total support and revenue	<u>107,841,051</u>	<u>629,724</u>	<u>108,470,775</u>

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

**Consolidated Statements of Activities  
Year Ended September 30, 2019**

	Without donor restrictions	With donor restrictions	Total
<b>Expenses</b>			
<b>Program services</b>			
Food distribution & warehouse	87,161,755	-	87,161,755
Agency relations	592,552	-	592,552
Nutrition programs	2,483,652	-	2,483,652
Food Acquisition Group	6,312,806	-	6,312,806
Health & Research	256,191	-	256,191
Hunger to Health Collaboratory	490,709	-	490,709
Hunger Free 2028	261,420	-	261,420
<b>Total program services</b>	<b>97,559,085</b>	<b>-</b>	<b>97,559,085</b>
<b>Support services</b>			
General and administrative	4,318,076	-	4,318,076
Lobbying	72,378	-	72,378
Marketing	1,390,753	-	1,390,753
Development	3,752,297	-	3,752,297
<b>Total support services</b>	<b>9,533,504</b>	<b>-</b>	<b>9,533,504</b>
<b>Total expenses</b>	<b>107,092,589</b>	<b>-</b>	<b>107,092,589</b>
<b>Increase (decrease) in net assets from operating activities</b>	<b>748,462</b>	<b>629,724</b>	<b>1,378,186</b>
<b>Nonoperating activities</b>			
Gain (loss) on equity transaction	308,501	-	308,501
Gain (loss) on disposal of property, plant and equipment	17,858	-	17,858
<b>Increase (decrease) in net assets from nonoperating activities</b>	<b>326,359</b>	<b>-</b>	<b>326,359</b>
<b>Change in net assets</b>	<b>\$ 1,074,821</b>	<b>\$ 629,724</b>	<b>\$ 1,704,545</b>

See Notes to Consolidated Financial Statements.

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

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

	<u>Without donor restrictions</u>	<u>With donor restrictions</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**

	Without donor restrictions	With donor restrictions	Total
<b>Expenses</b>			
<b>Program services</b>			
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	2,435,729	-	2,435,729
Food Acquisition Group	5,816,789	-	5,816,789
Health & Research	372,209	-	372,209
Hunger to Health Collaboratory	477,640	-	477,640
<b>Total program services</b>	<b>89,821,761</b>	<b>-</b>	<b>89,821,761</b>
<b>Support services</b>			
General and administrative	3,292,301	-	3,292,301
Lobbying	54,974	-	54,974
Marketing	1,248,365	-	1,248,365
Development	3,665,491	-	3,665,491
<b>Total support services</b>	<b>8,261,131</b>	<b>-</b>	<b>8,261,131</b>
<b>Total expenses</b>	<b>98,082,892</b>	<b>-</b>	<b>98,082,892</b>
<b>Increase (decrease) in net assets from operating activities</b>	<b>369,518</b>	<b>(66,987)</b>	<b>302,531</b>
<b>Nonoperating activities</b>			
Gain (loss) on sale of property, plant and equipment	(112,323)	-	(112,323)
Net assets released from restrictions	-	-	-
<b>Increase (decrease) in net assets from nonoperating activities</b>	<b>(112,323)</b>	<b>-</b>	<b>(112,323)</b>
<b>Change in net assets</b>	<b>\$ 257,195</b>	<b>\$ (66,987)</b>	<b>\$ 190,208</b>

See Notes to Consolidated Financial Statements.

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

### Consolidated Statements of Functional Expenses Year Ended September 30, 2019

	Program Services							Support Services					Total	
	Food distribution & warehouse	Agency Relations	Nutrition Programs	Food Acquisition Group	Health & Research	Hunger to Health Collaboratory	Hunger Free 2028	Total Program Services	General and Administrative	Lobbying	Marketing	Development		Total Support Services
Salaries	\$ 2,136,271	\$ 609,413	\$ 783,606	\$ 873,847	\$ 149,526	\$ 79,411	\$ 27,739	\$ 4,659,813	\$ 2,273,315	\$ -	\$ 666,179	\$ 1,409,477	\$ 4,348,971	\$ 9,008,784
Fringe benefits	457,854	118,647	168,227	169,479	25,192	14,496	2,653	956,548	377,753	-	98,114	286,909	762,776	1,719,324
Total salaries and fringe benefits	2,594,125	728,060	951,833	1,043,326	174,718	93,907	30,392	5,616,361	2,651,068	-	764,293	1,696,386	5,111,747	10,728,108
Day labor	130,821	5,303	-	-	-	-	-	136,124	61,271	-	-	42,885	104,156	240,280
Consulting	10,320	-	21,503	-	43,922	260,950	50,308	387,003	991,185	72,378	-	476,179	1,721,558	2,108,561
Other personnel costs	30,678	521	848	1,084	283	42	42	33,498	360,981	-	3,328	10,673	374,982	408,480
Professional development	1,001	1,878	4,238	2,596	3,182	350	-	13,245	22,743	-	4,025	7,544	34,312	47,557
Rubbish removal	52,207	-	-	-	-	-	-	52,207	-	-	-	-	-	52,207
Repairs and maintenance	398,004	2,620	469	-	-	-	-	401,093	21	-	-	-	21	401,114
Supplies	30,116	-	6,022	46	195	-	-	36,379	62	-	30	57	149	36,528
Utilities/security/insurance	407,162	11,603	10,400	11,001	-	-	-	440,166	22,250	-	7,924	21,082	51,256	491,422
Other building costs	27,108	-	-	-	-	-	-	27,108	-	-	-	-	-	27,108
Freight charges	15,821	-	-	3,066,175	-	-	-	3,081,996	-	-	-	-	-	3,081,996
Food distribution	61,086,021	-	632,307	-	-	-	-	61,718,328	-	-	-	-	-	61,718,328
Food purchases	21,804,255	-	-	-	-	-	-	21,804,255	-	-	-	-	-	21,804,255
Program supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fleet expense	172,722	5,815	-	-	-	-	-	178,537	4,125	-	-	-	4,125	182,662
Bank charges/processing fees	5	-	-	-	-	-	-	5	15,775	-	-	124,863	140,638	140,643
Computer maintenance and supplies	-	-	-	-	-	-	-	-	539,139	-	380	48	539,567	539,567
Other insurance	-	-	-	-	-	-	-	-	11,841	-	-	-	11,841	11,841
Legal and audit	-	-	-	-	-	1,024	125	1,149	258,663	-	773	-	259,436	260,585
Postage and printing	2,547	360	9,767	834	966	1,726	390	16,590	3,653	-	140,511	700,457	844,621	861,211
Advertising	-	270	-	2,235	-	17,600	1,391	21,496	3,228	-	390,795	201,794	595,817	617,313
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	-	385,607	385,607	385,607
Office expense	211,709	26,896	30,852	23,903	23,026	111,085	167	427,638	80,668	-	41,358	61,384	183,410	611,048
Program expense	-	-	20,083	844	193	-	-	21,120	-	-	6,342	-	6,342	27,462
Staff travel	6,598	14,985	13,275	16,290	9,706	4,025	-	64,879	63,848	-	5,325	23,338	92,511	157,390
Feeding America fees	-	-	-	-	-	-	-	-	33,317	-	-	-	33,317	33,317
Grants to Agencies	-	245,252	-	-	-	-	178,605	423,857	-	-	-	-	-	423,857
Volunteer expense	-	-	668	-	-	-	-	668	-	-	-	-	-	668
Depreciation and amortization	1,772,938	-	-	-	-	-	-	1,772,938	-	-	-	-	-	1,772,938
Allocated expenses	(1,592,403)	(451,011)	781,387	2,144,472	-	-	-	882,445	(805,762)	-	(156,147)	-	(961,909)	(79,464)
	<u>\$ 87,161,755</u>	<u>\$ 592,552</u>	<u>\$ 2,483,652</u>	<u>\$ 6,312,806</u>	<u>\$ 256,191</u>	<u>\$ 490,709</u>	<u>\$ 261,420</u>	<u>\$ 97,559,085</u>	<u>\$ 4,318,076</u>	<u>\$ 72,378</u>	<u>\$ 1,390,753</u>	<u>\$ 3,752,297</u>	<u>\$ 9,533,504</u>	<u>\$ 107,092,589</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

	Total Program Services								Total Support Services					Total	
	Food Distribution	Warehouse	Agency Relations	Nutrition Programs	Food Acquisition Group	Health & Research	Hunger to Health Collaboratory	Property	Total Program Services	General and Administrative	Lobbying	Marketing	Development		Total Support Services
Salaries	\$ -	\$ 2,110,213	\$ 550,518	\$ 665,693	\$ 838,559	215,324	31,370	\$ -	\$ 4,411,677	\$ 2,126,697	\$ -	\$ 549,569	\$ 1,453,702	\$ 4,129,968	\$ 8,541,645
Fringe benefits	-	482,555	123,294	163,374	166,628	31,566	6,785	-	974,202	406,025	-	89,566	291,596	787,187	1,761,389
Total salaries and fringe benefits	-	2,592,768	673,812	829,067	1,005,187	246,890	38,155	-	5,385,879	2,532,722	-	639,135	1,745,298	4,917,155	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	1,068	921	237	-	-	66,310	269,576	-	8,123	6,180	283,879	350,189
Professional development	-	1,990	1,014	3,821	1,440	4,168	-	-	12,433	24,266	-	7,402	5,956	37,624	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	9,558	10,110	-	-	-	293,677	20,447	-	7,281	19,374	47,102	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	13,513	1,320	545	1,122	-	17,830	2,785	-	144,838	688,883	836,506	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	34,666	27,670	25,638	93,657	34	397,869	84,703	-	25,559	58,994	567,125	
Program expense	-	-	140,765	-	-	-	-	-	140,765	-	-	504	-	169,256	141,269
Staff travel	-	8,957	12,419	15,434	11,893	7,277	6,919	-	62,899	45,199	-	8,165	25,433	78,797	141,696
Feeding America fees	-	-	-	-	-	-	-	-	-	33,443	-	-	-	33,443	33,443
Volunteer expense	-	-	-	1,210	-	-	-	-	1,210	-	-	-	-	-	1,210
Depreciation and amortization	-	-	-	-	-	-	-	1,528,932	1,528,932	-	-	-	-	-	1,528,932
Allocated expenses	-	(1,482,677)	(373,451)	887,826	1,841,063	-	-	-	872,761	(837,543)	-	(122,500)	-	(960,043)	(87,282)
	<u>\$ 76,379,877</u>	<u>\$ 2,312,095</u>	<u>\$ 498,456</u>	<u>\$ 2,435,729</u>	<u>\$ 5,816,789</u>	<u>372,209</u>	<u>\$ 477,640</u>	<u>\$ 1,528,966</u>	<u>\$ 89,821,761</u>	<u>\$ 3,292,301</u>	<u>\$ 54,974</u>	<u>\$ 1,248,365</u>	<u>\$ 3,665,491</u>	<u>\$ 8,261,131</u>	<u>\$ 98,082,892</u>

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, 2019 and 2018**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Consolidated</u>
Beginning balance, October 1, 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	34,890,472	2,412,316	37,302,788
Change in net assets	<u>1,074,821</u>	<u>629,724</u>	<u>1,704,545</u>
Ending balance, September 30, 2019	<u>\$ 35,965,293</u>	<u>\$ 3,042,040</u>	<u>\$ 39,007,333</u>

See Notes to Consolidated Financial Statements.

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

**Consolidated Statements of Cash Flows  
Years Ended September 30, 2019 and 2018**

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 1,704,545	\$ 190,208
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	1,784,773	1,536,822
Loss (gain) on sale of property, plant and equipment	(20,750)	-
Loss (gain) on disposal of property, plant and equipment	2,892	112,323
Unrealized (gain) loss on investments	(88,952)	58,238
Realized (gain) loss on investments	2,869	(1,235)
Increase (decrease) in operating assets and liabilities		
Accounts receivable	(3,090,431)	2,494,300
Pledges receivable	23,795	(27,694.00)
Inventory	(870,726)	206,486
Prepaid expenses and other assets	(56,528)	(31,573)
Accounts payable	(240,699)	(360,082)
Accrued expenses and other liabilities	695,271	(1,011,075)
Deferred revenue	17,750	(5,711)
Net cash provided by (used in) provided by operating activities	(136,191)	3,161,007
Cash flows from investing activities		
Purchase of investments	(17,671,663)	(15,020,789)
Sale of investments	17,220,000	16,340,000
Purchases of property, plant and equipment	(688,076)	(1,633,650)
Proceeds (loss) from sale of property, plant and equipment	20,750	-
Net cash used in investing activities	(1,118,989)	(314,439)
Cash flows from financing activities		
Cash restricted for investment in property and equipment	88,472	119,526
Repayments of obligations under capital leases	(216,134)	(214,419)
Net cash used in financing activities	(127,662)	(94,893)
Net (decrease) increase in cash and cash equivalents	(1,382,842)	2,751,675
Cash and cash equivalents - beginning of year	7,649,566	4,897,891
Cash and cash equivalents - end of year	\$ 6,266,724	\$ 7,649,566

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

**Consolidated Statements of Cash Flows  
Years Ended September 30, 2019 and 2018**

	2019	2018
Supplemental disclosures of noncash investing and financing activities		
Acquisition of property and equipment	\$ 694,550	\$ 2,192,118
Less: equipment funded through capital lease obligation	(176,862)	(655,279)
Less: construction in process in accounts payable	(23,675)	-
Add: construction in process in accounts payable	-	20,613
Increase in construction in process	421,960	76,198
Less: amounts transferred from construction in process	(227,897)	-
Total cash paid for fixed assets	\$ 688,076	\$ 1,633,650
Fixed assets disposed	\$ 257,076	\$ 1,462,788
Write-off of related accumulated depreciation	(254,184)	(1,350,465)
Loss (gain) on disposal	\$ 2,892	\$ 112,323

See Notes to Consolidated Financial Statements.

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

### Notes to Consolidated Financial Statements September 30, 2019 and 2018

#### 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 non-profit. 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 40 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."

##### Accounting pronouncements adopted

During 2019, the Organization adopted the provisions of Accounting Standards Update 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities* ("ASU 2016-14"). The amendments in this update are required to be applied retrospectively to the comparative period presented. The major changes include:

- Temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions. Unrestricted net asset class has been renamed net assets without donor restrictions.
- Presentation of expense by function and nature in either the statement of activities, a separate statement of functional expenses, or in the notes along with a disclosure of the methods used to allocate costs (not required to be presented retrospectively).
- Investment return is required to be reported net of external and direct internal investment expenses.
- Disclosure of quantitative and qualitative information about liquidity and availability of resources (not required to be presented retrospectively).
- Modification to the presentation of underwater endowment funds and related disclosures.

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

### Notes to Consolidated Financial Statements September 30, 2019 and 2018

The changes have the following effect on net assets at September 30, 2018:

	As originally presented	After adoption of ASU 2016-14
Unrestricted net assets	\$ 34,890,472	\$ -
Temporarily restricted net assets	2,412,316	-
Permanently restricted net assets	-	-
Net assets without donor restrictions - Board designated	-	5,899,787
Net assets without donor restrictions	-	28,990,685
Net assets with donor restrictions	-	2,412,316
	<hr/>	<hr/>
Total net assets	\$ 37,302,788	\$ 37,302,788

#### 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"). The accompanying financial statements present information regarding the Organization's financial position and activities into two categories of net assets based on the existence or absence of donor-imposed restrictions. The two categories are net assets without donor restrictions and net assets with donor restrictions.

US GAAP also requires that unconditional promises to give be recorded as receivables, and requires that organizations distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. All promises to give are recorded with donor restrictions 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 net assets without donor restrictions.

Included in net assets without donor restrictions are Board of Directors designated net assets of \$2,186,913 and \$5,899,787 as of September 30, 2019 and 2018, respectively. The Board of Directors of GBFB has established this designation in recognition of the need to develop operating reserves to pay future repairs and maintenance expenses related to GBFB's real or personal property, 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



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

### **Notes to Consolidated Financial Statements September 30, 2019 and 2018**

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 2016 through 2018.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of certificates of deposit and money market accounts 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.

#### **Promises to give**

Promises to give receivables are primarily from individuals and foundations. Promises to give 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% for both the years ended September 30, 2019 and 2018.

Promises to give receivable have been reviewed by management and it has been determined that there is no requirement for an allowance for doubtful promises to give as of September 30, 2019 and 2018.

#### **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 promises to give. 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, 2019 and 2018, GBFB had cash deposits of \$6,300,000 and \$7,500,000 and investment deposits of \$100,000 and \$1,000,000, 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.

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

**Notes to Consolidated Financial Statements  
September 30, 2019 and 2018**

**Inventory**

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

Inventory Type	September 30, 2019	September 30, 2018
Coop Program	Cost (FIFO)	Cost (FIFO)
Donated Inventory	\$1.62/pound	\$1.68/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, 2018 and 2017 prepared for Feeding America for use by member food banks.

**Revenue recognition**

**Foundation, corporate and individual gifts and grants**

Contributions, including grants, are recorded as without donor restrictions or with donor restrictions revenue depending on the existence and/or nature of any donor restrictions. Revenue that is restricted is reported as an increase in net assets with donor restrictions depending on the nature of the restriction.

Contributions are recognized when the donor makes a written promise to give to GBFB that is, in substance, unconditional. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Gifts of land, building and equipment are presented as net assets without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor 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 revenue with donor restrictions. 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 net assets without donor restrictions 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, 2019 and 2018, accounts receivable relating to this program amounted to \$784,832 and \$231,349, 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

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

### Notes to Consolidated Financial Statements September 30, 2019 and 2018

Agriculture ("MDFA") and the Massachusetts Department of Education ("MDE") to purchase certain commodities for all Massachusetts food banks affiliated with Feeding America. 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 both September 30, 2019 and 2018, there was no deferred revenue from MEFAP. GBFB had a receivable from the MDE in the amount of \$3,756,220 and \$1,235,217 for the years ended September 30, 2019 and 2018, 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.

#### 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 2019 or 2018.

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

### Notes to Consolidated Financial Statements September 30, 2019 and 2018

#### 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

GBFB's programs involve providing food to those in need and hunger related research. Certain expenses are allocated across multiple programmatic and administrative cost centers. Allocated expenses include administrative expenses, corresponding salaries and benefits, and utilities. Depending on the expense, allocation is either by the square foot, headcount, or cost of meals distributed depending on which is a more relevant allocation measure for the expense category.

#### Operating measure

GBFB has defined the increase (decrease) in net assets from operating activities to include all support, revenue, expenses, and gains and losses, releases of net asset restrictions for payments of debt, and any gains or losses resulting from normal business transactions.

#### Advertising

Advertising costs are expensed as incurred and amounted to \$617,313 and \$634,173 for the years ended September 30, 2019 and 2018, respectively. Included in advertising expense is \$118,919 and \$179,072 of contributed advertising (contributed services) for the years ended September 30, 2019 and 2018, respectively (see Note 12).

#### 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 17, 2020, which is the date the consolidated financial statements were available to be issued.

#### Note 3 - Promises to give

Promises to give are expected to be collected as follows:

	2019	2018
In one year or less	\$ 25,000	\$ 25,000
Between one and two years	-	25,000
	<u>25,000</u>	<u>50,000</u>
Less: discounts to net present value	1,785	2,990
Total promises to give receivable, net	<u>\$ 23,215</u>	<u>\$ 47,010</u>

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

**Notes to Consolidated Financial Statements  
September 30, 2019 and 2018**

**Note 4 - Liquidity**

Financial assets available within one year of September 30, 2019 consisted of the following:

Cash and cash equivalents	\$	6,266,724
Investments		5,752,706
Accounts receivable, net		4,815,776
Promises to give receivable, net		<u>23,215</u>
 Total financial assets		 16,858,421
 Less amounts not available within one year:		
Board designated assets - Board reserve investments		(2,186,913)
Purposes restricted gifts		(48,266)
Food distribution restriction		(2,993,774)
Investment asset deferred compensation plan		<u>(540,488)</u>
 Financial assets available with in one year	 \$	 <u><u>11,088,980</u></u>

As part of liquidity management, GBFB invests cash in excess of its requirements in cash equivalents that consist of certificates of deposit, money market accounts, short term repurchase agreements and investments in mutual funds.

**Note 5 - Restrictions on net assets**

Assets with donor restrictions consist of contributions and other assets presently available for use, but expendable or distributable only for purposes specified by the donor. At September 30, 2019 and 2018, net assets with donor restrictions are restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Food distribution	\$ 2,993,774	\$ 2,251,783
Purpose restricted gifts	<u>48,266</u>	<u>160,533</u>
 Totals	 <u><u>\$ 3,042,040</u></u>	 <u><u>\$ 2,412,316</u></u>

**Note 6 - Food distribution**

For the years ended September 30, 2019 and 2018, GBFB distributed 56,699,200 and 51,086,300 meals (excluding SNAP) which equates to 68,503,527 and 61,828,827 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 \$1.62 and \$1.68 per pound if donated in 2019 and 2018, 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 is retrieved directly by member agencies eliminating GBFB's need to handle the product.

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

**Notes to Consolidated Financial Statements  
September 30, 2019 and 2018**

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 following is a schedule of enabled and referred pounds of food for the years ended September 30, 2019 and 2018, as well as the value of these enabled and referred pounds:

	2019	2018
Enabled pounds of food	8,597,293	6,038,118
Referred pounds of food	1,118,772	241,457
Dollar value of enabled and referred pounds of food	\$ 15,740,025	\$ 10,549,686

**Note 7 - Property, plant and equipment, net**

Property, plant and equipment at September 30, 2019 and 2018 consist of the following:

	2019	2018
Land	\$ 2,579,923	\$ 2,579,923
Buildings and improvements	27,860,666	27,754,179
Equipment, furniture and fixtures	2,447,950	2,333,066
Computer software	1,482,411	1,456,901
Trucks and automobiles	2,049,085	2,086,389
Construction in progress	549,375	127,415
	36,969,410	36,337,873
Less: Accumulated depreciation and amortization	14,751,792	13,221,203
	\$ 22,217,618	\$ 23,116,670

Depreciation and amortization expense was \$1,784,773 and \$1,536,832 for the years ended September 30, 2019 and 2018, respectively.

Included in property, plant and equipment at both September 30, 2019 and 2018 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 8 - Retirement plans**

GBFB has a qualified 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 2019 and 2018, the match is 25 cents for every one dollar contributed up to 8% of an employee's

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

**Notes to Consolidated Financial Statements  
September 30, 2019 and 2018**

gross compensation. While GBFB expects to continue the Plan indefinitely, the Plan's Co-Fiduciary Committee Members reserve the right to modify, amend or terminate the Plan. GBFB's discretionary matching contributions under the Plan amounted to \$141,105 and \$120,448 for the years ended September 30, 2019 and 2018, respectively.

In December 2013, GBFB established a non-qualified 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 \$540,488 and \$434,564 as of September 30, 2019 and 2018, respectively. The retirement plan is in conformity with Code Section 457(b).

**Note 9 - 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, 2019 and 2018. The imputed interest rates range from 5.3% to 9.7%. A summary of capitalized lease cost and accumulated amortization as of September 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Cost	\$ 1,580,187	\$ 2,032,856
Accumulated amortization	<u>(507,900)</u>	<u>(657,396)</u>
Net book value	<u>\$ 1,072,287</u>	<u>\$ 1,375,460</u>

For the years ended September 30, 2019 and 2018, amortization expense amounted to \$239,034 and \$135,873, 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 2019:

<u>Years ending September 30,</u>	<u>Amount</u>
2020	\$ 236,622
2021	221,075
2022	204,101
2023	204,057
2024	161,250
Thereafter	<u>198,070</u>
Total minimum lease payments	1,225,175
Less amount representing interest	<u>(235,055)</u>
Net present value of future minimum lease payments	<u>\$ 990,120</u>

**Note 10 - 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

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

**Notes to Consolidated Financial Statements  
September 30, 2019 and 2018**

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, 2019 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds - Federal	\$ 5,212,218	\$ -	\$ -	\$ 5,212,218
Mutual funds - Treasury Bond Index	-	-	-	-
Mutual funds - 457(b) Plan	<u>540,488</u>	<u>-</u>	<u>-</u>	<u>540,488</u>
Total Mutual Funds	<u>\$ 5,752,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,752,706</u>

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 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, 2019 and 2018.



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

**Notes to Consolidated Financial Statements  
September 30, 2019 and 2018**

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 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 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, 2019 and 2018, the value of in-kind gifts received was \$488 and \$4,260, respectively, and is included in institutional contributions on the consolidated statements of activities.

**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, 2019 and 2018, all donated services were expenses and consisted of the following:

	<u>2019</u>	<u>2018</u>
Auditing	\$ 79,990	\$ 62,063
Legal	103,174	182,170
Consulting	741,500	100,000
Advertising	118,919	179,072
Fundraising	97,200	82,800
Other	-	55,075
	<u>          </u>	<u>          </u>
Totals	<u>\$ 1,140,783</u>	<u>\$ 661,180</u>

**Note 13 - Rental income**

In March 2012, GBFB entered into a lease agreement with an unrelated third party. The lease required monthly rental payments of \$18,000 through March 2020. Effective November 6, 2018, GBFB entered into the First Amendment to Sublease with an unrelated third party. 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.

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

**Notes to Consolidated Financial Statements  
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Future payments to be received under this rental agreement for the years subsequent to September 30, 2019 are as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2020	\$ 221,400
2021	226,800
2022	226,800
2023	226,800
2024	226,800
Thereafter	<u>113,400</u>
Total	<u>\$ 1,242,000</u>

GBFB received payments totaling \$308,501 during the year ended September 30, 2019 related to proceeds from an equity transaction executed by the current sub-tenant. This payment was in accordance with the terms of the First Amendment to Sublease.

Included in the rental expense for the years ended September 30, 2019 and 2018 is depreciation expense totaling \$11,835 and \$7,890, respectively.

**Note 14 - 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, 2019.

Future minimum lease payments for years subsequent to September 30, 2019 are as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2020	\$ 8,340
2021	<u>6,996</u>
Total	<u>\$ 15,336</u>

Equipment rent expense amounted to \$21,055 and \$18,364 for the years ended September 30, 2019 and 2018, 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 provided for minimum monthly lease payments. Rental income and expense were being recognized on a straight-line basis over a seven-year period from the lease inception which was the probable effective lease period.

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

**Notes to Consolidated Financial Statements  
September 30, 2019 and 2018**

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, 2019 and 2018 was \$1,000 for each year and has been eliminated during consolidation.

**Note 16 - Concentrations of risk**

For the years ended September 30, 2019 and 2018, approximately 18% and 17%, respectively, of GBFB's total support and revenues were derived from MEFAP.

For the years ended September 30, 2019 and 2018, approximately 47% and 32%, respectively, of GBFB's total food purchases were from three vendors.

For the years ended September 30, 2019 and 2018, approximately 22% and 30%, respectively, of the total food distributed was MEFAP food. For the years ended September 30, 2019 and 2018, approximately 14% and 13%, 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, 2019**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
<u>Assets</u>				
Cash and cash equivalents	\$ 6,168,461	\$ 98,263	\$ -	\$ 6,266,724
Investments	5,752,706	-	-	5,752,706
Accounts receivable, net of allowance for doubtful accounts of approximately \$4,000	4,814,813	963	-	4,815,776
Promises to give, net of discounts	23,215	-	-	23,215
Inventory	3,854,049	-	-	3,854,049
Cash restricted for investment in property and equipment	25,051	-	-	25,051
Property, plant and equipment, net	4,928,180	17,565,984	(276,546)	22,217,618
Prepaid expenses and other assets	354,015	-	-	354,015
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 25,920,490</u>	<u>\$ 17,665,210</u>	<u>\$ (276,546)</u>	<u>\$ 43,309,154</u>
<u>Liabilities and Net Assets</u>				
Liabilities				
Accounts payable	\$ 839,649	\$ -	\$ -	\$ 839,649
Accrued expenses and other liabilities	2,436,260	-	-	2,436,260
Deferred revenue	35,000	792	-	35,792
Obligations under capital leases	990,120	-	-	990,120
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	4,301,029	792	-	4,301,821
Net assets				
Without donor restrictions	16,390,508	17,664,418	(276,546)	33,778,380
Without donor restrictions - Board designated	2,186,913	-	-	2,186,913
Total net assets without donor restrictions	18,577,421	-	-	35,965,293
With donor restrictions	3,042,040	-	-	3,042,040
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	21,619,461	17,664,418	(276,546)	39,007,333
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 25,920,490</u>	<u>\$ 17,665,210</u>	<u>\$ (276,546)</u>	<u>\$ 43,309,154</u>

See Independent Auditor's Report.

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

**Supplementary Information**

**Consolidating Statement of Activities  
Year Ended September 30, 2019**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Operating Support				
Institutional contributions	\$ 8,548,744	\$ -	\$ -	\$ 8,548,744
Food donations	62,337,442	-	-	62,337,442
Contributed services	1,140,783	-	-	1,140,783
Special events	1,034,688	-	-	1,034,688
Individual contributions	10,816,184	-	-	10,816,184
<b>Total support</b>	<b>83,877,841</b>	<b>-</b>	<b>-</b>	<b>83,877,841</b>
Revenue				
State income - MEFAP	17,715,867	-	-	17,715,867
Shared maintenance fees	678,831	-	-	678,831
Coop income	3,863,728	-	-	3,863,728
USDA reimbursement	1,557,904	-	-	1,557,904
Interest and dividends	571,660	721	-	572,381
Rental income, net of expenses of \$158,040	79,960	1,000	(1,000)	79,960
Other	124,263	-	-	124,263
<b>Total revenue</b>	<b>24,592,213</b>	<b>1,721</b>	<b>(1,000)</b>	<b>24,592,934</b>
<b>Total support and revenue</b>	<b>108,470,054</b>	<b>1,721</b>	<b>(1,000)</b>	<b>108,470,775</b>

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

**Supplementary Information**

**Consolidating Statement of Activities  
Year Ended September 30, 2019**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
<b>Expenses</b>				
<b>Program services</b>				
Food distribution & Warehouse	86,165,621	997,134	(1,000)	87,161,755
Agency relations	592,552	-	-	592,552
Nutrition programs	2,483,652	-	-	2,483,652
Food Acquisition Group	6,312,806	-	-	6,312,806
Health & Research	256,191	-	-	256,191
Hunger to Health Collaboratory	490,709	-	-	490,709
Hunger Free 2028	261,420	-	-	261,420
<b>Total program services</b>	<b>96,562,951</b>	<b>997,134</b>	<b>(1,000)</b>	<b>97,559,085</b>
<b>Support services</b>				
General and administrative	4,318,076	-	-	4,318,076
Lobbying	72,378	-	-	72,378
Marketing	1,390,753	-	-	1,390,753
Development	3,752,297	-	-	3,752,297
<b>Total support services</b>	<b>9,533,504</b>	<b>-</b>	<b>-</b>	<b>9,533,504</b>
<b>Total expenses</b>	<b>106,096,455</b>	<b>997,134</b>	<b>(1,000)</b>	<b>107,092,589</b>
<b>Increase (decrease) in net assets from operating activities</b>	<b>2,373,599</b>	<b>(995,413)</b>	<b>-</b>	<b>1,378,186</b>
<b>Nonoperating</b>				
Gain (loss) on equity transaction	308,501	-	-	308,501
Gain (loss) on disposal of property, plant and equipment	17,858	-	-	17,858
<b>Increase in net assets from nonoperating activities</b>	<b>326,359</b>	<b>-</b>	<b>-</b>	<b>326,359</b>
<b>Change in net assets</b>	<b>\$ 2,699,958</b>	<b>\$ (995,413)</b>	<b>\$ -</b>	<b>\$ 1,704,545</b>

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, 2019**

	<u>The Greater Boston Food Bank, Inc.</u>	<u>GBFB Realty, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Beginning balance, October 1, 2018	\$ 18,919,503	\$ 18,659,831	\$ (276,546)	\$ 37,302,788
Change in net assets	<u>2,699,958</u>	<u>(995,413)</u>	<u>-</u>	<u>1,704,545</u>
Ending balance, September 30, 2019	<u>\$ 21,619,461</u>	<u>\$ 17,664,418</u>	<u>\$ (276,546)</u>	<u>\$ 39,007,333</u>

See Independent Auditor's Report.





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