

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

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

September 30, 2020 and 2019

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.

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, 2020 and 2019, 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, 2020 and 2019, 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 29 to 32 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 2020 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 2020 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 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 2020 consolidated financial statements or to the 2020 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 2020 consolidated financial statements as a whole.

CohnReznick LLP

Boston, Massachusetts
February 11, 2021

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Financial Position
September 30, 2020 and 2019**

Assets

	2020	2019
Cash and cash equivalents	\$ 15,743,938	\$ 6,266,724
Investments	28,192,958	5,752,706
Accounts receivable, net of allowance for doubtful accounts of approximately \$4,000 at September 30, 2020 and 2019	2,051,060	4,815,776
Promises to give, net of discounts	-	23,215
Inventory	5,327,894	3,854,049
Cash restricted for investment in property and equipment	-	25,051
Property, plant and equipment, net	21,042,756	22,217,618
Prepaid expenses and other assets	455,069	354,015
	\$ 72,813,675	\$ 43,309,154

Liabilities and Net Assets

Liabilities		
Accounts payable	\$ 1,646,604	\$ 839,649
Accrued expenses and other liabilities	2,686,311	2,436,260
Deferred revenue	525,779	35,792
Obligations under capital leases	1,066,426	990,120
	5,925,120	4,301,821
Commitments		
Net assets		
Without donor restrictions - Board designated	2,313,132	2,186,913
Without donor restrictions	61,191,623	33,778,380
	63,504,755	35,965,293
With donor restrictions	3,383,800	3,042,040
	66,888,555	39,007,333
	\$ 72,813,675	\$ 43,309,154

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statement of Activities
Year Ended September 30, 2020**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating Support			
Institutional contributions	\$ 22,896,979	\$ 2,970,581	\$ 25,867,560
Food donations	-	89,378,243	89,378,243
Contributed services	2,098,541	-	2,098,541
Special events	2,637,802	-	2,637,802
Individual contributions	<u>32,847,527</u>	<u>-</u>	<u>32,847,527</u>
Total support	<u>60,480,849</u>	<u>92,348,824</u>	<u>152,829,673</u>
Revenue			
State income - MEFAP	19,371,572	-	19,371,572
Shared maintenance fees	321,358	-	321,358
Coop income	4,659,368	-	4,659,368
USDA reimbursement	1,491,130	-	1,491,130
Interest and dividends	498,234	-	498,234
Rental income, net of expenses of \$114,231	149,558	-	149,558
Other	<u>163,939</u>	<u>-</u>	<u>163,939</u>
Total revenue	<u>26,655,159</u>	<u>-</u>	<u>26,655,159</u>
Net assets released from restrictions			
Food distribution	88,988,217	(88,988,217)	-
Satisfaction of donor restrictions	<u>3,018,847</u>	<u>(3,018,847)</u>	<u>-</u>
	<u>92,007,064</u>	<u>(92,007,064)</u>	<u>-</u>
Total support and revenue	<u>179,143,072</u>	<u>341,760</u>	<u>179,484,832</u>

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statement of Activities
Year Ended September 30, 2020**

	Without donor restrictions	With donor restrictions	Total
Expenses			
Program services			
Food distribution & Warehouse	127,494,232	-	127,494,232
Agency relations	933,328	-	933,328
Nutrition programs	2,931,336	-	2,931,336
Food Acquisition Group	7,642,005	-	7,642,005
Health & Research	329,484	-	329,484
Collaboratory	477,895	-	477,895
Hunger Free 2028	490,217	-	490,217
Total program services	<u>140,298,497</u>	<u>-</u>	<u>140,298,497</u>
Support services			
General and administrative	4,079,144	-	4,079,144
Lobbying	36,758	-	36,758
Marketing	1,852,452	-	1,852,452
Development	5,353,491	-	5,353,491
Total support services	<u>11,321,845</u>	<u>-</u>	<u>11,321,845</u>
Total expenses	<u>151,620,342</u>	<u>-</u>	<u>151,620,342</u>
Increase in net assets from operating activities	<u>27,522,730</u>	<u>341,760</u>	<u>27,864,490</u>
Nonoperating activities			
Gain (loss) on equity transaction	20,513	-	20,513
Gain (loss) on disposal of property, plant and equipment	(3,781)	-	(3,781)
Increase in net assets from nonoperating activities	<u>16,732</u>	<u>-</u>	<u>16,732</u>
Change in net assets	<u>\$ 27,539,462</u>	<u>\$ 341,760</u>	<u>\$ 27,881,222</u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

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

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
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	<u>10,816,184</u>	<u>-</u>	<u>10,816,184</u>
Total support	<u>19,972,010</u>	<u>63,905,831</u>	<u>83,877,841</u>
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	<u>124,263</u>	<u>-</u>	<u>124,263</u>
Total revenue	<u>24,592,934</u>	<u>-</u>	<u>24,592,934</u>
Net assets released from restrictions			
Food distribution	61,595,451	(61,595,451)	-
Satisfaction of donor restrictions	<u>1,680,656</u>	<u>(1,680,656)</u>	<u>-</u>
	<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 Statement of Activities
Year Ended September 30, 2019**

	Without donor restrictions	With donor restrictions	Total
Expenses			
Program services			
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
Total program services	<u>97,559,085</u>	<u>-</u>	<u>97,559,085</u>
Support services			
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
Total support services	<u>9,533,504</u>	<u>-</u>	<u>9,533,504</u>
Total expenses	<u>107,092,589</u>	<u>-</u>	<u>107,092,589</u>
Increase in net assets from operating activities	<u>748,462</u>	<u>629,724</u>	<u>1,378,186</u>
Nonoperating activities			
Gain (loss) on equity transaction	308,501	-	308,501
Gain (loss) on disposal of property, plant and equipment	17,858	-	17,858
Increase in net assets from nonoperating activities	<u>326,359</u>	<u>-</u>	<u>326,359</u>
Change in net assets	<u>\$ 1,074,821</u>	<u>\$ 629,724</u>	<u>\$ 1,704,545</u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended September 30, 2020

	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	\$ 2,641,665	\$ 616,114	\$ 933,873	\$ 878,756	\$ 152,090	\$ 123,693	\$ 223,155	\$ 5,569,346	\$ 2,522,419	\$ -	\$ 741,686	\$ 1,476,074	\$ 4,740,179	\$ 10,309,525
Fringe benefits	507,916	120,576	184,219	170,666	22,939	22,874	26,645	1,055,835	406,502	-	134,524	294,564	835,590	1,891,425
Total salaries and fringe benefits	3,149,581	736,690	1,118,092	1,049,422	175,029	146,567	249,800	6,625,181	2,928,921	-	876,210	1,770,638	5,575,769	12,200,950
Day labor	182,439	30,284	-	-	-	-	-	212,723	33,413	-	-	38,418	71,831	284,554
Consulting	1,000	675	34,412	79	133,170	280,686	54,575	504,597	543,693	36,758	124,659	415,974	1,121,084	1,625,681
Other personnel costs	22,937	835	1,396	1,413	152	43	157	26,933	350,230	-	869	23,138	374,237	401,170
Professional development	-	123	919	-	1,626	56	80	2,804	33,609	-	2,255	7,892	43,756	46,560
Rubbish removal	44,349	-	-	-	-	-	-	44,349	-	-	-	-	-	44,349
Repairs and maintenance	449,615	-	217	-	-	-	-	449,832	-	-	685	-	685	450,517
Supplies	53,735	31,080	6,350	4,606	-	-	27	95,798	13,508	-	-	121	13,629	109,427
Utilities/security/insurance	377,478	10,753	9,637	10,195	-	-	-	408,063	20,619	-	7,343	19,538	47,500	455,563
Other building costs	36,900	-	-	-	-	-	-	36,900	-	-	-	-	-	36,900
Freight charges	11,000	-	-	3,325,737	-	-	-	3,336,737	-	-	-	-	-	3,336,737
Food distribution	88,167,073	-	671,916	-	-	-	-	88,838,989	-	-	-	-	-	88,838,989
Food purchases	34,843,914	-	-	-	-	-	-	34,843,914	-	-	-	-	-	34,843,914
Fleet expense	130,420	4,331	-	-	-	-	-	134,751	3,126	-	-	-	3,126	137,877
Bank charges/processing fees	298	-	-	-	-	-	-	298	35,563	-	-	797,786	833,349	833,647
Computer maintenance and supplies	-	-	-	-	-	-	-	-	680,002	-	-	-	680,002	680,002
Other insurance	-	-	-	-	-	-	-	-	11,900	-	-	-	11,900	11,900
Legal and audit	1,485	-	-	-	-	-	-	1,485	261,742	-	-	-	261,742	263,227
Postage and printing	44	20	9,099	1,043	238	579	1,669	12,692	2,500	-	127,842	787,401	917,743	930,435
Advertising	-	-	-	9,284	-	10,000	-	19,284	17,600	-	846,503	184,042	1,048,145	1,067,429
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	-	1,242,854	1,242,854	1,242,854
Office expense	202,445	23,212	29,056	22,550	6,435	6,129	1,913	291,740	73,875	-	29,442	55,488	158,805	450,545
Program expense	-	223	34,943	-	11,025	90	-	46,281	-	-	23,791	-	23,791	70,072
Staff travel	58,749	9,726	5,820	3,893	1,809	1,245	176	81,418	43,076	-	2,328	10,201	55,605	137,023
Feeding America fees	-	-	-	-	-	-	-	-	16,660	-	-	-	16,660	16,660
Grants to Agencies	-	1,071,180	-	-	-	32,500	181,820	1,285,500	-	-	-	-	-	1,285,500
Volunteer expense	-	-	2,310	-	-	-	-	2,310	-	-	-	-	-	2,310
Depreciation and amortization	1,917,946	-	-	-	-	-	-	1,917,946	-	-	-	-	-	1,917,946
Allocated expenses	(2,157,176)	(985,804)	1,007,169	3,213,783	-	-	-	1,077,972	(990,893)	-	(189,475)	-	(1,180,368)	(102,396)
	\$ 127,494,232	\$ 933,328	\$ 2,931,336	\$ 7,642,005	\$ 329,484	\$ 477,895	\$ 490,217	\$ 140,298,497	\$ 4,079,144	\$ 36,758	\$ 1,852,452	\$ 5,353,491	\$ 11,321,845	\$ 151,620,342

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statement of Functional Expenses Year Ended September 30, 2019

	Total Program Services							Total 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	181,816	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	-	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)
	\$ 87,161,755	\$ 592,552	\$ 2,483,652	\$ 6,312,806	\$ 256,191	\$ 490,709	\$ 261,420	\$ 97,559,085	\$ 4,318,076	\$ 72,378	\$ 1,390,753	\$ 3,752,297	\$ 9,533,504	\$ 107,092,589

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, 2020 and 2019**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Consolidated</u>
Beginning balance, October 1, 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	35,965,293	3,042,040	39,007,333
Change in net assets	<u>27,539,462</u>	<u>341,760</u>	<u>27,881,222</u>
Ending balance, September 30, 2020	<u>\$ 63,504,755</u>	<u>\$ 3,383,800</u>	<u>\$ 66,888,555</u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Cash Flows
Years Ended September 30, 2020 and 2019**

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 27,881,222	\$ 1,704,545
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	1,929,781	1,784,773
Loss (gain) on sale of property, plant and equipment	-	(20,750)
Loss (gain) on disposal of property, plant and equipment	3,781	2,892
Unrealized (gain) loss on investments	330,400	(88,952)
Realized (gain) loss on investments	(6,508)	2,869
Increase (decrease) in operating assets and liabilities		
Accounts receivable	2,764,716	(3,090,431)
Promises to give	23,215	23,795
Inventory	(1,473,845)	(870,726)
Prepaid expenses and other assets	(101,054)	(56,528)
Accounts payable	819,548	(240,699)
Accrued expenses and other liabilities	250,051	695,271
Deferred revenue	489,987	17,750
Net cash provided by (used in) operating activities	32,911,294	(136,191)
Cash flows from investing activities		
Purchase of investments	(27,564,152)	(17,671,663)
Sale of investments	4,800,008	17,220,000
Purchases of property, plant and equipment	(485,889)	(688,076)
Proceeds from sale of property, plant and equipment	-	20,750
Net cash used in investing activities	(23,250,033)	(1,118,989)
Cash flows from financing activities		
Repayments of obligations under capital leases	(209,098)	(216,134)
Net cash used in financing activities	(209,098)	(216,134)
Net increase (decrease) in cash, cash equivalents and restricted cash	9,452,163	(1,471,314)
Cash, cash equivalents and restricted cash - beginning of year	6,291,775	7,763,089
Cash, cash equivalents and restricted cash - end of year	\$ 15,743,938	\$ 6,291,775

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Cash Flows
Years Ended September 30, 2020 and 2019**

	2020	2019
Supplemental disclosures of noncash investing and financing activities		
Acquisition of property and equipment	\$ 976,374	\$ 694,550
Less: equipment funded through capital lease obligation	(285,404)	(176,862)
Less: construction in process in accounts payable at September 30, 2020	(12,593)	(23,675)
Add: construction in process in accounts payable at September 30, 2019	23,675	-
Increase in construction in process	324,300	421,960
Less: amounts transferred from construction in process	(540,463)	(227,897)
 Total cash paid for fixed assets	 \$ 485,889	 \$ 688,076
 Fixed assets disposed	 \$ 284,668	 \$ 257,076
Write-off of related accumulated depreciation	(280,887)	(254,184)
 Loss (gain) on disposal	 \$ 3,781	 \$ 2,892

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2020 and 2019

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 nonprofit. 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."

The fiscal year ended September 30, 2020 has been an unprecedented year for GBFB in many ways. The demand for food skyrocketed due to high levels of food insecurity created during the pandemic. During the year ended September 30, 2020, the GBFB team quickly pivoted to increase its food distribution to cater to this new level of demand. GBFB ended the year ended September 30, 2020 distributing over 98,855,125 pounds of food compared to 68,503,527 pounds during the year ended September 30, 2019. This became possible due to the outpouring support of GBFB's donors and its funders. As shown in the consolidated statements of activities, the total support without donor restrictions amounted to \$60,480,849 and the total support with donor restrictions was \$92,348,824 during the year ended September 30, 2020, compared to \$19,972,010 in total support without donor restrictions and \$63,905,831 in total support with donor restrictions during the year ended September 30, 2019. The excess cash will be carried forward to the fiscal year ending September 30, 2021, primarily to fund the increased food purchases, support the member agency network and the GBFB team.

Accounting pronouncements adopted

In November 2016, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2016-8, *Statement of Cash Flows (Topic 230) - Restricted Cash* ("ASU 2016-18"), to address diversity in practice with respect to the cash flows presentation of changes in amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as "restricted cash" herein) when reconciling beginning and ending balances in its consolidated statements of cash flows. The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash, cash equivalents, and restricted cash between the consolidated statements of financial position and the consolidated statements of cash flows. ASU 2016-18 was adopted retrospectively during the year ended September 30, 2020. Consequently, ending cash, cash equivalents, and restricted cash as of September 30, 2019 and 2018 was increased from \$6,266,724 to \$6,291,775 and \$7,649,566 to \$7,763,089, respectively.

During the year ended September 30, 2020, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2020 and 2019

Organization adopted the provisions of ASU 2018-08 on October 1, 2019 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. There is no effect on consolidated net assets in connection with the implementation of ASU 2018-08.

In June 2020, the FASB issued Accounting Standards Update No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842): *Effective Dates for Certain Entities*, which provides for the elective deferrals of the effective dates of Topic 606 and Topic 842 for certain entities. The Organization has elected to apply the deferrals provided by ASU 2020-05 and, therefore, expects to adopt (i) Topic 606 for annual reporting periods beginning after December 15, 2019; and (ii) Topic 842 for fiscal years beginning after December 15, 2021 on a modified retrospective basis.

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 \$2,313,132 and \$2,186,913 as of September 30, 2020 and 2019, 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 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 2017 through 2019.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2020 and 2019

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.

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, 2020 and 2019.

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, 2020 and 2019.

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, 2020 and 2019, GBFB had cash deposits of \$15,600,000 and \$6,300,000 and investment deposits of \$1,100,000 and \$100,000, 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, 2020 and 2019

Inventory

Inventory consists of perishable and nonperishable 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, 2020	September 30, 2019
Coop Program	Cost (FIFO)	Cost (FIFO)
Donated Inventory	\$1.74/pound	\$1.62/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, 2019 and 2018 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, that is, those with a measurable performance or other barrier, and a right of return, are not recognized in revenue until the conditions on which they depend have been substantially met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2020 and 2019

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, 2020 and 2019, accounts receivable relating to this program amounted to \$552,251 and \$784,832, 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 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 September 30, 2020 and 2019, deferred revenue from MEFAP was \$480,786 and \$0, respectively. GBFB had a receivable from the MDE in the amount of \$1,432,060 and \$3,756,220 for the years ended September 30, 2020 and 2019, 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. GBFB charged 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 shared maintenance fee ceased to be charged by GBFB starting in April 2020 due to the COVID-19 pandemic.

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 nonfood 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 nonfinancial 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.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2020 and 2019

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 2020 or 2019.

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 \$1,042,329 and \$617,313 for the years ended September 30, 2020 and 2019, respectively. Included in advertising expense is \$508,886 and \$118,919 of contributed advertising (contributed services) for the years ended September 30, 2020 and 2019, 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.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2020 and 2019**

Subsequent events

Subsequent events have been evaluated through February 11, 2021, 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:

	2020	2019
In one year or less	\$ -	\$ 25,000
	-	25,000
Less: discounts to net present value	-	1,785
Total promises to give receivable, net	\$ -	\$ 23,215

Note 4 - Liquidity

Financial assets available within one year of September 30, 2020 and 2019 consisted of the following:

	2020	2019
Cash and cash equivalents	\$ 15,743,938	\$ 6,266,724
Investments	28,192,958	5,752,706
Accounts receivable, net	2,051,060	4,815,776
Promises to give receivable, net	-	23,215
Total financial assets	45,987,956	16,858,421
Less amounts not available within one year:		
Board designated assets - Board reserve investments	(2,313,132)	(2,186,913)
Purposes restricted gifts	-	(48,266)
Food distribution restriction	(3,383,800)	(2,993,774)
Investment asset deferred compensation plan	(659,613)	(540,488)
Financial assets available with in one year	\$ 39,631,411	\$ 11,088,980

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.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
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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, 2020 and 2019, net assets with donor restrictions are restricted for the following purposes:

	2020	2019
Food distribution	\$ 3,383,800	\$ 2,993,774
Purpose restricted gifts	-	48,266
Totals	\$ 3,383,800	\$ 3,042,040

Note 6 - Food distribution

For the years ended September 30, 2020 and 2019, GBFB distributed 81,788,500 and 56,699,200 meals (excluding SNAP) which equates to 98,855,125 and 68,503,527 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 \$1.74 and \$1.62 per pound if donated in 2020 and 2019, 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 following is a schedule of enabled and referred pounds of food for the years ended September 30, 2020 and 2019, as well as the value of these enabled and referred pounds:

	2020	2019
Enabled pounds of food	11,882,140	8,597,293
Referred pounds of food	419,081	1,118,772
Dollar value of enabled and referred pounds of food	\$ 21,404,125	\$ 15,740,025

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2020 and 2019**

Note 7 - Property, plant and equipment, net

Property, plant and equipment at September 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 2,579,923	\$ 2,579,923
Buildings and improvements	28,189,410	27,860,666
Equipment, furniture and fixtures	2,715,521	2,447,950
Computer software	1,815,711	1,482,411
Trucks and automobiles	2,082,415	2,049,085
Construction in progress	<u>60,463</u>	<u>549,375</u>
	37,443,443	36,969,410
Less: Accumulated depreciation and amortization	<u>16,400,687</u>	<u>14,751,792</u>
	<u>\$ 21,042,756</u>	<u>\$ 22,217,618</u>

Depreciation and amortization expense was \$1,929,781 and \$1,784,773 for the years ended September 30, 2020 and 2019, respectively.

Included in property, plant and equipment at both September 30, 2020 and 2019 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 2020 and 2019, 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 Co-Fiduciary Committee Members reserve the right to modify, amend or terminate the Plan. GBFB's discretionary matching contributions under the Plan amounted to \$161,726 and \$141,105 for the years ended September 30, 2020 and 2019, respectively.

In December 2013, GBFB established a nonqualified 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 \$659,613 and \$540,488 as of September 30, 2020 and 2019, 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
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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, 2020 and 2019. The imputed interest rates range from 5.3% to 11.6%. A summary of capitalized lease cost and accumulated amortization as of September 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Cost	\$ 1,613,517	\$ 1,580,187
Accumulated amortization	<u>(494,860)</u>	<u>(507,900)</u>
Net book value	<u>\$ 1,118,657</u>	<u>\$ 1,072,287</u>

For the years ended September 30, 2020 and 2019, amortization expense amounted to \$293,542 and \$239,034, 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 2020:

<u>Years ending September 30,</u>	<u>Amount</u>
2021	\$ 274,157
2022	258,223
2023	258,223
2024	214,332
2025	200,552
Thereafter	<u>95,237</u>
Total minimum lease payments	1,300,724
Less amount representing interest	<u>(234,298)</u>
Net present value of future minimum lease payments	<u>\$ 1,066,426</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 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

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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, 2020 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds - Federal	\$ 22,413,125	\$ -	\$ -	\$ 22,413,125
Mutual funds - Treasury Bond Index	5,092,247	-	-	5,092,247
Stocks and Exchange Traded Funds	27,973	-	-	27,973
Mutual funds - 457(b) Plan	<u>659,613</u>	<u>-</u>	<u>-</u>	<u>659,613</u>
Total mutual funds	<u>\$ 28,192,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,192,958</u>

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 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, 2020 and 2019.

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.

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**Notes to Consolidated Financial Statements
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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, 2020 and 2019, the value of in-kind gifts received was \$853 and \$488, 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, 2020 and 2019, all donated services were expenses and consisted of the following:

	<u>2020</u>	<u>2019</u>
Audit	\$ 56,700	\$ 79,990
Legal	131,953	103,174
Consulting	311,200	741,500
Advertising	508,886	118,919
Fundraising	<u>1,089,802</u>	<u>97,200</u>
Totals	<u>\$ 2,098,541</u>	<u>\$ 1,140,783</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.

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**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, 2020 are as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2021	\$ 226,800
2022	226,800
2023	226,800
2024	226,800
2025	113,400
Thereafter	-
Total	<u>\$ 1,020,600</u>

GBFB received payments totaling \$20,513 and \$308,501 during the years ended September 30, 2020 and 2019, respectively, 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, 2020 and 2019 is depreciation expense totaling \$11,835 and \$11,835, 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, 2020.

Future minimum lease payments for years subsequent to September 30, 2020 are as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2021	\$ 6,996
Total	<u>\$ 6,996</u>

Equipment rent expense amounted to \$9,351 and \$21,055 for the years ended September 30, 2020 and 2019, 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.

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, 2020 and 2019 was \$1,000 for each year and has been eliminated during consolidation.

The Greater Boston Food Bank, Inc. and Subsidiary

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Note 16 - Concentrations of risk

For the years ended September 30, 2020 and 2019, approximately 20% and 18%, respectively, of GBFB's total support and revenues were derived from MEFAP.

For the years ended September 30, 2020 and 2019, approximately 43% and 47%, respectively, of GBFB's total food purchases were from three vendors.

For the years ended September 30, 2020 and 2019, approximately 15% and 22%, respectively, of the total food distributed was MEFAP food. For the years ended September 30, 2020 and 2019, approximately 16% and 14%, respectively, of the total food distributed was USDA food.

Note 17 - Consolidated statements of cash flows

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position as of September 30, 2020 and 2019 that sum to the total of the same such amounts in the consolidated statements of cash flows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 15,743,938	\$ 6,266,724
Restricted cash		
Cash restricted for investment in property and equipment	<u>-</u>	<u>25,051</u>
 Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	 <u>\$ 15,743,938</u>	 <u>\$ 6,291,775</u>

Amounts included in restricted cash are comprised of cash held for investment in property and equipment.

Note 18 - Contingency

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. GBFB is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on GBFB's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on GBFB's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact GBFB's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

Supplementary Information

The Greater Boston Food Bank, Inc. and Subsidiary

Supplementary Information

**Consolidating Statement of Financial Position
September 30, 2020**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
<u>Assets</u>				
Cash and cash equivalents	\$ 15,644,423	\$ 99,515	\$ -	\$ 15,743,938
Investments	28,192,958	-	-	28,192,958
Accounts receivable, net of allowance for doubtful accounts of approximately \$4,000	2,050,097	963	-	2,051,060
Promises to give, net of discounts	-	-	-	-
Inventory	5,327,894	-	-	5,327,894
Cash restricted for investment in property and equipment	-	-	-	-
Property, plant and equipment, net	4,750,417	16,568,885	(276,546)	21,042,756
Prepaid expenses and other assets	455,069	-	-	455,069
	<u>56,420,858</u>	<u>16,669,363</u>	<u>(276,546)</u>	<u>72,813,675</u>
Total assets	\$ 56,420,858	\$ 16,669,363	\$ (276,546)	\$ 72,813,675
<u>Liabilities and Net Assets</u>				
Liabilities				
Accounts payable	\$ 1,646,604	\$ -	\$ -	\$ 1,646,604
Accrued expenses and other liabilities	2,686,311	-	-	2,686,311
Deferred revenue	524,987	792	-	525,779
Obligations under capital leases	1,066,426	-	-	1,066,426
	<u>5,924,328</u>	<u>792</u>	<u>-</u>	<u>5,925,120</u>
Total liabilities	5,924,328	792	-	5,925,120
Net assets				
Without donor restrictions - Board designated	2,313,132	-	-	2,313,132
Without donor restrictions	44,799,598	16,668,571	(276,546)	61,191,623
	<u>47,112,730</u>	<u>16,668,571</u>	<u>(276,546)</u>	<u>63,504,755</u>
Total net assets without donor restrictions	47,112,730	16,668,571	(276,546)	63,504,755
With donor restrictions	3,383,800	-	-	3,383,800
	<u>50,496,530</u>	<u>16,668,571</u>	<u>(276,546)</u>	<u>66,888,555</u>
Total net assets	50,496,530	16,668,571	(276,546)	66,888,555
Total liabilities and net assets	\$ 56,420,858	\$ 16,669,363	\$ (276,546)	\$ 72,813,675

See Independent Auditor's Report.

The Greater Boston Food Bank, Inc. and Subsidiary

Supplementary Information

**Consolidating Statement of Activities
Year Ended September 30, 2020**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Operating Support				
Institutional contributions	\$ 25,867,560	\$ -	\$ -	\$ 25,867,560
Food donations	89,378,243	-	-	89,378,243
Contributed services	2,098,541	-	-	2,098,541
Special events	2,637,802	-	-	2,637,802
Individual contributions	<u>32,847,527</u>	<u>-</u>	<u>-</u>	<u>32,847,527</u>
Total support	<u>152,829,673</u>	<u>-</u>	<u>-</u>	<u>152,829,673</u>
Revenue				
State income - MEFAP	19,371,572	-	-	19,371,572
Shared maintenance fees	321,358	-	-	321,358
Coop income	4,659,368	-	-	4,659,368
USDA reimbursement	1,491,130	-	-	1,491,130
Interest and dividends	497,983	251	-	498,234
Rental income, net of expenses of \$114,231	149,558	1,000	(1,000)	149,558
Other	<u>163,939</u>	<u>-</u>	<u>-</u>	<u>163,939</u>
Total revenue	<u>26,654,908</u>	<u>1,251</u>	<u>(1,000)</u>	<u>26,655,159</u>
Total support and revenue	<u>179,484,581</u>	<u>1,251</u>	<u>(1,000)</u>	<u>179,484,832</u>

The Greater Boston Food Bank, Inc. and Subsidiary

Supplementary Information

**Consolidating Statement of Activities
Year Ended September 30, 2020**

	The Greater Boston Food Bank, Inc.	GBFB Realty, Inc.	Eliminations	Consolidated
Expenses				
Program services				
Food distribution & Warehouse	126,498,134	997,098	(1,000)	127,494,232
Agency relations	933,328	-	-	933,328
Nutrition programs	2,931,336	-	-	2,931,336
Food Acquisition Group	7,642,005	-	-	7,642,005
Health & Research	329,484	-	-	329,484
Hunger to Health Collaboratory	477,895	-	-	477,895
Hunger Free 2028	490,217	-	-	490,217
Total program services	139,302,399	997,098	(1,000)	140,298,497
Support services				
General and administrative	4,079,144	-	-	4,079,144
Lobbying	36,758	-	-	36,758
Marketing	1,852,452	-	-	1,852,452
Development	5,353,491	-	-	5,353,491
Total support services	11,321,845	-	-	11,321,845
Total expenses	150,624,244	997,098	(1,000)	151,620,342
Increase (decrease) in net assets from operating activities	28,860,337	(995,847)	-	27,864,490
Nonoperating				
Gain (loss) on equity transaction	20,513	-	-	20,513
Gain (loss) on disposal of property, plant and equipment	(3,781)	-	-	(3,781)
Decrease in net assets from nonoperating activities	16,732	-	-	16,732
Change in net assets	\$ 28,877,069	\$ (995,847)	\$ -	\$ 27,881,222

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, 2020**

	<u>The Greater Boston Food Bank, Inc.</u>	<u>GBFB Realty, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Beginning balance, October 1, 2019	\$ 21,619,461	\$ 17,664,418	\$ (276,546)	\$ 39,007,333
Change in net assets	<u>28,877,069</u>	<u>(995,847)</u>	<u>-</u>	<u>27,881,222</u>
Ending balance, September 30, 2020	<u>\$ 50,496,530</u>	<u>\$ 16,668,571</u>	<u>\$ (276,546)</u>	<u>\$ 66,888,555</u>

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