

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

**Consolidated Financial Statements
(With Supplementary Information),
Schedule of Expenditures of Federal Awards,
Internal Control and Compliance
and Independent Auditor's Report**

September 30, 2023 and 2022

The Greater Boston Food Bank, Inc. and Subsidiary

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Consolidated Statements of Financial Position	5
Consolidated Statements of Activities	6
Consolidated Statements of Functional Expenses	10
Consolidated Statements of Changes in Net Assets	12
Consolidated Statements of Cash Flows	13
Notes to Consolidated Financial Statements	15
Schedule of Expenditures of Federal Awards	30
Notes to Schedule of Expenditures of Federal Awards	31
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32
Independent Auditor's Report on Compliance for the Major Federal Program; and Report on Internal Control over Compliance; Required by the Uniform Guidance	34
Schedule of Findings and Questioned Costs	37

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Greater Boston Food Bank, Inc. and Subsidiary as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Greater Boston Food Bank, Inc. and Subsidiary, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of GBFB Realty, Inc were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Greater Boston Food Bank, Inc. and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Greater Boston Food Bank, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Greater Boston Food Bank, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Requirements* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 consolidated financial statements or to the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the 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 April 4, 2024, 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 and 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, Inc.'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, Inc.'s internal control over financial reporting and compliance.



Boston, Massachusetts
April 4, 2024

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Financial Position
September 30, 2023 and 2022**

	<u>Assets</u>	
	2023	2022
Cash and cash equivalents	\$ 23,489,683	\$ 11,061,220
Investments	34,394,345	50,492,672
Accounts and grants receivable, net of allowance for doubtful accounts of approximately \$4,000 at September 30, 2023 and 2022	403,159	110,947
Promises to give, net of discounts	953,082	1,827,330
Inventory	6,069,047	5,782,342
Unbilled grants receivable	769,015	-
Property, plant and equipment, net	16,603,646	18,038,054
Prepaid expenses and other assets	678,085	474,594
Total assets	\$ 83,360,062	\$ 87,787,159
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 2,618,164	\$ 1,031,164
Accrued expenses and other liabilities	3,124,317	2,904,936
Refundable advance	2,818,858	800,531
Finance lease liabilities	578,300	-
Capital lease liabilities	-	812,509
Total liabilities	9,139,639	5,549,140
Commitments		
Net assets		
Without donor restrictions - board designated	2,176,352	2,078,547
Without donor restrictions	67,253,918	74,842,134
Total net assets without donor restrictions	69,430,270	76,920,681
With donor restrictions	4,790,153	5,317,338
Total net assets	74,220,423	82,238,019
Total liabilities and net assets	\$ 83,360,062	\$ 87,787,159

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statement of Activities
Year Ended September 30, 2023**

	Without donor restrictions	With donor restrictions	Total
Operating Support			
Contributions of cash and other financial assets -			
Institutional contributions	\$ 13,078,578	\$ 1,893,771	\$ 14,972,349
Individual contributions	26,238,904	-	26,238,904
Contributions of nonfinancial assets - food donations	-	68,709,465	68,709,465
Contribution of nonfinancial assets - contributed services	563,400	-	563,400
Special events, net of expenses of \$289,194	1,687,128	-	1,687,128
Total support	41,568,010	70,603,236	112,171,246
Revenue			
State income - MEFAP	28,203,010	-	28,203,010
Coop income	6,498,790	-	6,498,790
USDA reimbursement	2,120,796	-	2,120,796
Investment return, net	2,052,401	-	2,052,401
MDAR funds	1,988,127	-	1,988,127
Local food purchase assistance (LFPA) program income	500,000	-	500,000
Rental income, net of expenses of \$155,117	86,869	-	86,869
Other	75,475	-	75,475
Total revenue	41,525,468	-	41,525,468
Net assets released from restrictions			
Food distribution	68,187,426	(68,187,426)	-
Satisfaction of donor restrictions	2,942,995	(2,942,995)	-
	71,130,421	(71,130,421)	-
Total support and revenue	154,223,899	(527,185)	153,696,714

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statement of Activities
Year Ended September 30, 2023**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Expenses			
Program services			
Food distribution and warehouse	133,517,342	-	133,517,342
Agency relations	2,565,653	-	2,565,653
Nutrition programs	2,754,702	-	2,754,702
Food Acquisition group	9,234,543	-	9,234,543
Hunger to health collaboratory	390,687	-	390,687
	<u>148,462,927</u>	<u>-</u>	<u>148,462,927</u>
Support services			
General and administrative	7,039,766	-	7,039,766
Lobbying	31,639	-	31,639
Marketing	2,023,744	-	2,023,744
Development	4,165,815	-	4,165,815
	<u>13,260,964</u>	<u>-</u>	<u>13,260,964</u>
Total expenses	<u>161,723,891</u>	<u>-</u>	<u>161,723,891</u>
(Decrease) Increase in net assets from operating activities	<u>(7,499,992)</u>	<u>(527,185)</u>	<u>(8,027,177)</u>
Nonoperating activities			
Gain (loss) on disposal of property, plant and equipment	<u>9,581</u>	<u>-</u>	<u>9,581</u>
Increase in net assets from nonoperating activities	<u>9,581</u>	<u>-</u>	<u>9,581</u>
Change in net assets	<u><u>\$ (7,490,411)</u></u>	<u><u>\$ (527,185)</u></u>	<u><u>\$ (8,017,596)</u></u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statement of Activities
Year Ended September 30, 2022**

	Without donor restrictions	With donor restrictions	Total
Operating Support			
Contributions of cash and other financial assets -			
Institutional contributions	\$ 15,569,718	\$ 3,782,160	\$ 19,351,878
Individual contributions	31,193,282	-	31,193,282
Contributions of nonfinancial assets - food donations	-	70,739,223	70,739,223
Contribution of nonfinancial assets - contributed services	535,660	-	535,660
Special events	376,640	-	376,640
Total support	47,675,300	74,521,383	122,196,683
Revenue			
State income - MEFAP	31,609,253	-	31,609,253
Coop income	4,755,062	-	4,755,062
USDA reimbursement	3,109,377	-	3,109,377
Investment return, net	(3,663,432)	-	(3,663,432)
Rental income, net of expenses of \$172,285	66,118	-	66,118
Other	83,273	-	83,273
Total revenue	35,959,651	-	35,959,651
Net assets released from restrictions			
Food distribution	69,741,088	(69,741,088)	-
Satisfaction of donor restrictions	2,451,701	(2,451,701)	-
	72,192,789	(72,192,789)	-
Total support and revenue	155,827,740	2,328,594	158,156,334

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statement of Activities
Year Ended September 30, 2022**

	Without donor restrictions	With donor restrictions	Total
Expenses			
Program services			
Food distribution and Warehouse	138,086,856	-	138,086,856
Agency relations	800,746	-	800,746
Nutrition programs	2,372,869	-	2,372,869
Food acquisition group	9,364,343	-	9,364,343
Business and data analytics	384,699	-	384,699
Hunger to health collaboratory	369,577	-	369,577
	151,379,090	-	151,379,090
Total program services			
Support services			
General and administrative	5,646,132	-	5,646,132
Lobbying	30,040	-	30,040
Marketing	1,735,322	-	1,735,322
Development	4,439,354	-	4,439,354
	11,850,848	-	11,850,848
Total support services			
Total expenses	163,229,938	-	163,229,938
Increase in net assets from operating activities	(7,402,198)	2,328,594	(5,073,604)
Change in net assets	\$ (7,402,198)	\$ 2,328,594	\$ (5,073,604)

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended September 30, 2023

	Program Services						Support Services						Total
	Food Distribution and Warehouse	Agency Relations	Nutrition Programs	Food Acquisition Group	Hunger to Health Collaboratory	Total Program Services	General and Administrative	Lobbying	Marketing	Development	Direct costs for events	Total Support Services	
Salaries	\$ 2,937,935	\$ 823,223	\$ 864,433	\$ 987,455	\$ 256,684	\$ 5,869,730	\$ 4,159,096	\$ -	\$ 913,227	\$ 1,357,693	\$ -	\$ 6,430,016	\$ 12,299,746
Fringe benefits	695,535	196,302	209,436	212,433	54,113	1,367,819	700,902	-	184,009	257,307	-	1,142,218	2,510,037
Total salaries and fringe benefits	3,633,470	1,019,525	1,073,869	1,199,888	310,797	7,237,549	4,859,998	-	1,097,236	1,615,000	-	7,572,234	14,809,783
Day labor	16,928	30,337	19,360	-	-	66,625	159,751	-	33,980	26,907	-	220,638	287,263
Consulting	3,240	17,394	3,773	-	44,387	68,794	1,182,367	30,819	348,806	539,715	-	2,101,707	2,170,501
Other personnel costs	18,958	998	1,149	1,001	32	22,138	294,788	-	1,045	1,583	-	297,416	319,554
Professional development	-	450	-	-	-	450	64,758	-	(186)	1,080	-	65,652	66,102
Rubbish removal	72,527	-	-	-	-	72,527	-	-	-	-	-	-	72,527
Repairs and maintenance	654,942	-	-	-	5,120	660,062	-	-	9,076	-	-	9,076	669,138
Supplies	58,511	-	220	28,808	-	87,539	292	-	188	7,412	-	7,892	95,431
Utilities/security/insurance	906,603	13,952	13,995	13,229	1,489	949,268	32,668	-	9,528	25,351	-	67,547	1,016,815
Other building costs	63,355	-	-	-	-	63,355	15,901	-	-	-	-	15,901	79,256
Freight charges	101,529	-	-	2,712,346	-	2,813,875	-	-	-	-	-	-	2,813,875
Food distribution	96,475,952	-	911,190	-	-	97,387,142	-	-	-	-	-	-	97,387,142
Food purchases	32,468,340	-	-	-	-	32,468,340	-	-	-	-	-	-	32,468,340
Fleet expense	168,754	1,765	-	-	-	170,519	4,067	-	-	-	-	4,067	174,586
Bank charges/processing fees	552	-	-	-	-	552	35,096	-	-	296,789	-	331,885	332,437
Computer maintenance and supplies	-	-	-	-	-	-	997,633	-	-	479	-	998,112	998,112
Other insurance	-	-	-	-	-	-	16,852	-	-	-	-	16,852	16,852
Legal and audit	-	-	-	-	-	-	385,593	-	-	-	-	385,593	385,593
Postage and printing	2,020	191	4,368	2,410	7,871	16,860	3,103	-	279,245	1,051,943	-	1,334,291	1,351,151
Advertising	105	-	1,396	1,455	-	2,956	22,316	-	521,036	540,641	-	1,083,993	1,086,949
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	289,194	289,194	289,194
Office expense	223,399	34,136	32,026	25,294	15,059	329,914	494,476	-	13,237	55,650	-	563,363	893,277
Program expense	-	57	33,278	-	18	33,353	-	-	35,233	-	-	35,233	68,586
Staff travel	5,853	24,593	15,843	16,795	5,914	68,998	95,008	820	9,074	3,265	-	108,167	177,165
Feeding America fees	-	-	6,812	-	-	6,812	24,990	-	-	-	-	24,990	31,802
Grants to agencies	-	2,171,201	-	-	-	2,171,201	-	-	-	-	-	-	2,171,201
Volunteer expense	-	-	743	-	-	743	-	-	-	-	-	-	743
Depreciation and amortization	1,917,349	-	-	-	-	1,917,349	-	-	-	-	-	-	1,917,349
Allocated expenses	(3,275,045)	(748,946)	636,680	5,233,317	-	1,846,006	(1,649,891)	-	(333,754)	-	-	(1,983,645)	(137,639)
Total expenses by function	133,517,342	2,565,653	2,754,702	9,234,543	390,687	148,462,927	7,039,766	31,639	2,023,744	4,165,815	289,194	13,550,158	162,013,085
Less expenses included with revenues on statement of activities	-	-	-	-	-	-	-	-	-	-	(289,194)	(289,194)	(289,194)
Less expenses included in the expense section on the statement of activities	\$ 133,517,342	\$ 2,565,653	\$ 2,754,702	\$ 9,234,543	\$ 390,687	\$ 148,462,927	\$ 7,039,766	\$ 31,639	\$ 2,023,744	\$ 4,165,815	\$ -	\$ 13,260,964	\$ 161,723,891

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Consolidated Statement of Functional Expenses Year Ended September 30, 2022

	Total Program Services						Total Support Services						Total
	Food Distribution and Warehouse	Agency Relations	Nutrition Programs	Food Acquisition Group	Business and Data Analytics	Hunger to Health Collaboratory	Total Program Services	General and Administrative	Lobbying	Marketing	Development	Total Support Services	
Salaries	\$ 2,975,529	\$ 749,917	\$ 698,439	\$ 973,784	\$ 239,838	\$ 206,292	\$ 5,843,799	\$ 3,324,941	\$ -	\$ 837,915	\$ 1,551,267	\$ 5,714,123	\$ 11,557,922
Fringe benefits	657,580	181,810	176,895	200,186	43,708	32,318	1,292,497	570,773	-	169,109	321,347	1,061,229	2,353,726
Total salaries and fringe benefits	3,633,109	931,727	875,334	1,173,970	283,546	238,610	7,136,296	3,895,714	-	1,007,024	1,872,614	6,775,352	13,911,648
Day labor	43,382	24,298	8,890	6,528	-	1,120	84,218	46,582	-	-	47,110	93,692	177,910
Consulting	8,200	9,000	1,483	-	88,422	111,815	218,920	1,538,362	30,040	193,459	409,271	2,171,132	2,390,052
Other personnel costs	23,684	599	919	1,308	-	525	27,035	314,598	-	6,059	1,673	322,330	349,365
Professional development	-	-	-	-	-	1,250	1,250	78,001	-	371	-	78,372	79,622
Rubbish removal	53,999	-	-	-	-	-	53,999	-	-	-	-	-	53,999
Repairs and maintenance	571,733	276	-	-	-	2,803	574,812	8,665	-	-	-	8,665	583,477
Supplies	55,936	-	3,462	30,754	-	139	90,291	228	-	7	-	235	90,526
Utilities/security/insurance	903,389	12,013	11,340	11,391	1,126	571	939,830	24,179	-	8,205	21,829	54,213	994,043
Other building costs	50,516	8,000	-	-	-	-	58,516	15,768	-	-	-	15,768	74,284
Freight charges	68,563	-	-	2,424,397	-	-	2,492,960	-	-	-	-	-	2,492,960
Food distribution	101,563,142	-	841,626	-	-	-	102,404,768	-	-	-	-	-	102,404,768
Food purchases	32,011,824	-	-	-	-	-	32,011,824	-	-	-	-	-	32,011,824
Fleet expense	169,174	3,239	-	-	-	-	172,413	3,762	-	-	-	3,762	176,175
Program supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank charges/processing fees	858	-	-	-	-	-	858	33,233	-	-	305,250	338,483	339,341
Computer maintenance and supplies	-	-	-	-	-	-	-	863,008	-	3,390	-	866,398	866,398
Other insurance	-	-	-	-	-	-	-	14,610	-	-	-	14,610	14,610
Legal and audit	1,485	-	-	-	-	-	1,485	317,452	-	-	-	317,452	318,937
Postage and printing	3,767	183	6,986	2,126	-	996	14,058	3,242	-	261,132	1,338,250	1,602,624	1,616,682
Advertising	-	-	600	942	-	1,000	2,542	15,418	-	485,785	288,115	789,318	791,860
Special events - direct costs	-	-	-	-	-	-	-	-	-	-	106,988	106,988	106,988
Office expense	208,830	23,191	25,971	18,816	8,935	8,049	293,792	80,992	-	40,918	45,230	167,140	460,932
Program expense	-	-	39,824	-	-	-	39,824	-	-	24,586	-	24,586	64,410
Staff travel	17,245	13,387	1,612	4,940	2,670	2,699	42,553	51,356	-	1,867	3,017	56,240	98,793
Feeding America fees	-	-	3,632	-	-	-	3,632	33,320	-	-	-	33,320	36,952
Grants to agencies	-	845,324	-	-	-	-	845,324	-	-	-	-	-	845,324
Volunteer expense	-	-	1,207	-	-	-	1,207	63	-	-	-	63	1,270
Depreciation and amortization	2,020,118	-	-	-	-	-	2,020,118	-	-	-	-	-	2,020,118
Allocated expenses	(3,322,098)	(1,070,491)	549,983	5,689,171	-	-	1,846,565	(1,692,421)	-	(297,474)	-	(1,989,895)	(143,330)
	<u>\$ 138,086,856</u>	<u>\$ 800,746</u>	<u>\$ 2,372,869</u>	<u>\$ 9,364,343</u>	<u>\$ 384,699</u>	<u>\$ 369,577</u>	<u>\$ 151,379,090</u>	<u>\$ 5,646,132</u>	<u>\$ 30,040</u>	<u>\$ 1,735,322</u>	<u>\$ 4,439,354</u>	<u>\$ 11,850,848</u>	<u>\$ 163,229,938</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, 2023 and 2022**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Consolidated</u>
Beginning balance, October 1, 2021	\$ 84,322,879	\$ 2,988,744	\$ 87,311,623
Change in net assets	<u>(7,402,198)</u>	<u>2,328,594</u>	<u>(5,073,604)</u>
Ending balance, September 30, 2022	76,920,681	5,317,338	82,238,019
Change in net assets	<u>(7,490,411)</u>	<u>(527,185)</u>	<u>(8,017,596)</u>
Ending balance, September 30, 2023	<u>\$ 69,430,270</u>	<u>\$ 4,790,153</u>	<u>\$ 74,220,423</u>

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Cash Flows
Years Ended September 30, 2023 and 2022**

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (8,017,596)	\$ (5,073,604)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation and amortization	1,929,184	2,031,953
Unrealized (gain) loss on investments	160,141	3,986,164
Realized (gain) loss on investments	(813,765)	(6,185)
Increase (decrease) in operating assets and liabilities		
Accounts and grants receivable	(292,212)	113,812
Promises to give	874,248	(1,827,330)
Inventory	(286,705)	(488,707)
Unbilled grants receivable	(769,015)	-
Prepaid expenses and other assets	(203,491)	62,650
Accounts payable	1,519,604	(857,093)
Accrued expenses and other liabilities	219,381	265,849
Refundable advance	2,018,327	(2,171,480)
	(3,661,899)	(3,963,971)
Net cash used by operating activities		
Cash flows from investing activities		
Purchase of investments	(18,478,671)	(31,944,660)
Sale of investments	35,230,622	30,000,000
Purchases of property, plant and equipment	(427,380)	(219,660)
	16,324,571	(2,164,320)
Net cash provided (used) in investing activities		
Cash flows from financing activities		
Principal payments on finance leases	(234,209)	-
Principal payments on capital leases	-	(221,804)
	(234,209)	(221,804)
Net cash used in financing activities		
Net increase (decrease) in cash and cash equivalents	12,428,463	(6,350,095)
Cash and cash equivalents - beginning of year	11,061,220	17,411,315
Cash and cash equivalents - end of year	\$ 23,489,683	\$ 11,061,220

The Greater Boston Food Bank, Inc. and Subsidiary

**Consolidated Statements of Cash Flows
Years Ended September 30, 2023 and 2022**

	2023	2022
Supplemental disclosures of noncash investing and financing activities		
Acquisition of property and equipment	\$ 204,705	\$ 333,556
Less: construction in process in accounts payable at September 30, 2023 and 2022, respectively	(77,602)	(10,205)
Add: construction in process in accounts payable at September 30, 2022 and 2021, respectively	10,205	25,434
Increase in construction in process	467,277	204,431
Less: amounts transferred from construction in process	(177,205)	(333,556)
Total cash paid for fixed assets	\$ 427,380	\$ 219,660
Fixed assets disposed	\$ 558,392	\$ 121,488
Write-off of related accumulated depreciation	(558,392)	(121,488)
Loss (gain) on disposal	\$ -	\$ -
Cash paid for interest on finance leases	\$ 81,999	\$ -
Cash paid for interest on capital leases	\$ -	\$ 78,733

See Notes to Consolidated Financial Statements.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2023 and 2022

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, The Greater Boston Food Bank, Inc. and GBFB Realty, Inc. are referred to as "GBFB".

The fiscal years ended September 30, 2023 and 2022 have been unprecedented years for GBFB in many ways. The demand for food skyrocketed due to high levels of food insecurity created during the pandemic and subsequent to the pandemic an environment of increased inflation. During the years ended September 30, 2023, September 30, 2022 and 2021, the GBFB team quickly pivoted to increase its food distribution to cater to this new level of demand. GBFB ended the years ended September 30, 2023 and 2022 distributing over 104,175,876 and 108,791,151 pounds of food, respectively, compared to 117,005,882 and 98,855,125 pounds during the years ended September 30, 2021 and 2020, respectively. As shown in the consolidated statements of activities, the total support without donor restrictions amounted to \$41,568,010 and \$47,675,300 and the total support with donor restrictions was \$70,603,236 and \$74,521,383 during the years ended September 30, 2023 and 2022, respectively, compared to \$61,898,365 and \$60,480,849 in total support without donor restrictions and \$90,601,931 and \$92,348,824 in total support with donor restrictions during the years ended September 30, 2021 and 2020, respectively. The excess cash as of September 30, 2022 was carried forward to the fiscal year ending September 30, 2023, primarily to fund the increased food purchases, support the member agency network and the GBFB team.

Accounting pronouncements adopted

The Organization adopted Accounting Standards Update 2016-02 (as amended), *Leases* ("Topic 842") on October 1, 2022 ("Adoption Date"). Topic 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for most leases. The Organization elected and applied the following practical expedients on the Adoption Date:

- To apply the provisions of Topic 842 at the Adoption Date, instead of applying them to the earliest comparative period presented in the financial statements.
- The package of practical expedients permitting the Organization to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

The adoption of Topic 842 did not have a material impact on the Organization's change in net assets for the year ended September 30, 2023.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2023 and 2022

The Organization includes its right-of-use assets for finance leases within property, plant and equipment and the corresponding finance lease liabilities separately in its consolidated statements of financial position. See Note 8 regarding the Organization's right-of-use assets for finance leases.

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 consolidated 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.

Included in net assets without donor restrictions are Board of Directors designated net assets of \$2,176,352 and \$2,078,547 as of September 30, 2023 and 2022, 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 2020 through 2022.

Management has analyzed the tax positions taken by the Organization and has concluded that, as of September 30, 2023 and 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization's federal and state informational returns prior to fiscal year 2020 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

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.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2023 and 2022

Accounts and grants receivable

Accounts and grants 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 based on historical experience, an assessment of economic conditions and a review of subsequent collections. Accounts receivable are written off against the allowance account when deemed uncollectible. At September 30, 2023 and 2022, the allowance was approximately \$4,000 in both years. The accounts and grants receivable balance at September 30, 2021 was \$224,759.

Promises to give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Unconditional promises to give have been reviewed by management and it has been determined that there is no requirement for an allowance as of September 30, 2023 and 2022.

Concentrations of credit risk

Financial instruments which potentially subject GBFB to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, and promises to give. GBFB places its cash and cash equivalents in highly rated financial institutions, which are regularly reviewed by senior management for financial stability. As of September 30, 2023 and 2022, GBFB had cash deposits of \$12,200,000 and \$9,000,000, respectively, in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. GBFB has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash and cash equivalents.

GBFB grants credit to its approximately 500 agencies and organizations. GBFB does not believe there are any concentrations of credit risk amongst the member agencies and organizations.

Inventory

Inventory consists of perishable and 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, 2023	September 30, 2022
Coop program	Cost (FIFO)	Cost (FIFO)
Donated inventory	\$1.93/pound	\$1.92/pound
MEFAP	Cost (FIFO)	Cost (FIFO)
USDA	USDA Provided Value	USDA Provided Value

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2023 and 2022

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, 2022 and 2021 prepared for Feeding America for use by member food banks.

Revenue recognition

Foundation, corporate and individual gifts and grants

Transactions where the resource provider often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as deferred revenue.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. All donor-restricted contributions are recorded as increases in donor restricted net assets.

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.

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, 2023 and 2022, accounts receivable relating to this program amounted to \$327,158 and \$0, respectively. At September 30, 2023, unbilled grants receivable relating to the Emergency Food Assistance Program (TEFAP – Reach & Resiliency) amounted to \$284,489.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2023 and 2022

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 refundable advance. At September 30, 2023 and 2022, refundable advance from MEFAP was \$2,541,621 and \$417,007, respectively.

MDAR funds

On December 13, 2021, the Massachusetts House of Representative approved an award to the GBFB for approximately \$17,000,000 in funding from the Massachusetts Department of Agricultural Resources ("MDAR"), as per Chapter 102 of the Acts of 2021, for the purpose of increasing refrigeration and freezer capacity, to secure two permanent food hub warehouses, and to invest in the organization's network capacity. For the years ended September 30, 2023 and 2022, MDAR revenue totaled \$1,988,127 and \$0, respectively. At September 30, 2023 and 2022, unbilled grants receivable relating to this program amounted to \$484,526 and \$0, respectively.

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 Refundable advance

Contract and agency revenue from MEFAP is recognized when the corresponding program expenditures are made in accordance with the terms of the related contracts. Refundable advance represents the unearned portion of installment payments received against program expenditures not yet incurred.

Coop program

GBFB operates a Coop program where GBFB purchases food from manufacturers and wholesale distributors then sells it to agencies at cost plus 10% markup for food items and for nonfood items. The Organization is obligated to provide products as ordered by the agency, and completion of the performance obligation occurs upon delivery or receipt of the product by the agency. Food and nonfood items are typically nonrefundable.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2023 and 2022

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 2023 or 2022.

Investments

Investments in equity and debt securities 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 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 \$1,087,399 and \$791,860 for the years ended September 30, 2023 and 2022, respectively. Included in advertising expense is \$144,742 and \$139,635 of contributed advertising (contributed services) for the years ended September 30, 2023 and 2022, 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.

Subsequent events

Subsequent events have been evaluated through April 4, 2024, which is the date the consolidated financial statements were available to be issued. See Note 16.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2023 and 2022**

Note 3 - Promises to give

Unconditional promises to give are expected to be collected as follows:

	2023	2022
In one year or less	\$ 560,000	\$ 500,000
Between one and two years	510,000	560,000
Between two and six years	30,000	740,000
Between six and ten years	-	200,000
	1,100,000	2,000,000
Less: discounts to net present value	(146,918)	(172,670)
Total promises to give receivable, net	\$ 953,082	\$ 1,827,330

Note 4 - Liquidity

Financial assets available within one year of September 30, 2023 and 2021 consisted of the following:

	2023	2022
Cash and cash equivalents	\$ 23,489,683	\$ 11,061,220
Investments	34,394,345	50,492,672
Accounts receivable, net	403,159	110,947
Promises to give, net of discounts	953,082	1,827,330
Promises to give - long term, net of discounts	(488,782)	(1,351,423)
Unbilled grants receivable	769,015	-
Total financial assets	59,520,502	62,140,746
Less amounts not available within one year		
Board designated assets - board reserve investments	(2,176,352)	(2,078,547)
Purposes restricted gifts	(311,235)	(1,360,459)
Food distribution restriction	(4,478,918)	(3,956,879)
Investment asset deferred compensation plan	(787,677)	(607,153)
Financial assets available with in one year	\$ 51,766,320	\$ 54,137,708

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 and US Treasury securities.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2023 and 2022**

Note 5 - Net assets with donor restrictions

Net 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, 2023 and 2022, net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Food distribution	\$ 4,478,918	\$ 3,956,879
Purpose restricted gifts	311,235	1,360,459
Total	\$ 4,790,153	\$ 5,317,338

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose for the years ended September 30, 2023 and 2022 were \$71,130,421 and \$72,192,789, respectively.

Note 6 - Food distribution

For the years ended September 30, 2023 and 2022, GBFB distributed 85,281,200 and 89,446,000 meals (excluding SNAP) which equates to 102,337,392 and 108,791,151 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 \$1.93 and \$1.92 per pound if donated in 2023 and 2022, 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.

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, 2023 and 2022, as well as the value of these enabled and referred pounds:

	2023	2022
Enabled pounds of food	\$ 12,339,637	\$ 11,575,728
Referred pounds of food	128,214	87,917
Dollar value of enabled and referred pounds of food	\$ 24,062,952	\$ 22,394,198

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2023 and 2022**

Note 7 - Contributed nonfinancial assets – food donations

For the year ended September 30, 2023, contributed nonfinancial assets - food donations recognized on the statement of activities included the following:

	Revenue recognized	Utilization in programs/Activities	Donor Restrictions	Valuation Technique and Inputs
Donated food	\$ 48,243,289	Programs	Program requirements	Valued at Feeding America Valuation of \$1.93 Per Pound
CSFP	812,659	Programs	Program eligibility requirements	Value given by USDA at time of order
USDA	<u>19,653,517</u>	Programs	Program requirements	Value given by USDA at time of order
	<u>\$ 68,709,465</u>			

For the year ended September 30, 2022, contributed nonfinancial assets - food donations recognized on the statement of activities included the following:

	Revenue recognized	Utilization in programs/Activities	Donor Restrictions	Valuation Technique and Inputs
Donated food	\$ 50,824,159	Programs	Program requirements	Valued at Feeding America Valuation of \$1.92 Per Pound
CSFP	894,717	Programs	Program eligibility requirements	Value given by USDA at time of order
USDA	<u>19,020,347</u>	Programs	Program requirements	Value given by USDA at time of order
	<u>\$ 70,739,223</u>			

Note 8 - Property, plant and equipment, net

Property, plant and equipment at September 30, 2023 and 2022 consist of the following:

	2023	2022
Land	\$ 2,579,923	\$ 2,579,923
Buildings and improvements	28,263,234	28,284,958
Equipment, furniture and fixtures	2,898,096	3,231,859
Computer software	2,069,656	2,057,033
Trucks and automobiles (1)(2)	1,989,456	2,000,279
Construction in progress	<u>319,453</u>	<u>10,206</u>
	38,119,818	38,164,258
Less: Accumulated depreciation and amortization	<u>21,516,172</u>	<u>20,126,204</u>
	<u>\$ 16,603,646</u>	<u>\$ 18,038,054</u>

(1) Includes finance lease right-of-use assets for trucks of \$1,679,592 as of September 30, 2023. See Note 10 regarding the Organization's leases.

(2) Includes capital lease assets for trucks of \$1,679,592 as of September 30, 2022. See Note 10 regarding the organization's leases.

Depreciation and amortization expense was \$1,929,184 and \$2,031,953 for the years ended September 30, 2023 and 2022, respectively.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2023 and 2022

Included in property, plant and equipment at both September 30, 2023 and 2022 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 9 - 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 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 2023 and 2022, 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 \$194,631 and \$191,372 for the years ended September 30, 2023 and 2022, 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 \$787,677 and \$607,153 as of September 30, 2023 and 2022, respectively. The retirement plan is in conformity with Code Section 457(b).

Note 10 - Leases

The Organization leases equipment used in its warehouse and food distribution operations. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, the Organization recognizes a lease liability, which is measured at the present value of future lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for prepaid lease costs, initial direct costs and lease incentives. Lease liabilities are discounted utilizing the rate implicit in the respective leases. The Organization remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such modification does not qualify to be accounted for as a separate contract.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2023 and 2022

For accounting purposes, the Organization's leases commence on the earlier of (i) the date upon which the Organization obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the Organization's leases coincides with the contractual effective date. The Organization's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the Organization and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless the Organization determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or nonexercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum noncancellable contractual term. When the exercise of a renewal option or nonexercise of an early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

Equipment leases consisting of trucks and refrigerated trucks have lease terms of seven years and generally do not have renewal options. Rental payments on these leases typically provide for fixed payments over the lease term are included in the measurement of lease payments, and are therefore included in the measurement of lease liabilities. Certain of the Organization's leases involving equipment have purchase options. When those options are reasonably certain of being exercised, the Organization reflects such purchase options when measuring the lease term and lease payments for those leases.

Included in property, plant and equipment in the accompanying consolidated statements of financial position is equipment under finance/capital leases at September 30, 2023 and 2022. The imputed interest rates range from 4.12% to 8.69%. A summary of capitalized lease cost and accumulated amortization as of September 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Cost	\$ 1,679,592	\$ 1,679,592
Accumulated amortization	<u>(1,499,325)</u>	<u>(1,242,218)</u>
Net book value	<u>\$ 180,267</u>	<u>\$ 437,374</u>

For the years ended September 30, 2023 and 2022, amortization expense amounted to \$257,107 and \$302,249, respectively. Interest expense for finance/capital leases for the years ended September 30, 2023 and 2022 amounted to \$81,999 and \$78,733, respectively. Total finance/capital lease cost for the years ended September 30, 2023 and 2022 amounted to \$339,106 and \$380,982, respectively.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2023 and 2022**

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 2023:

<u>Years ending September 30,</u>	<u>Amount</u>
2024	\$ 246,961
2025	233,181
2026	156,954
2027	<u>21,217</u>
Total minimum lease payments	658,313
Less amount representing interest	<u>(80,013)</u>
Net present value of future minimum lease payments	<u><u>\$ 578,300</u></u>

Note 11 - Fair value measurements

GBFB has characterized its financial assets into a three-level fair value hierarchy based on the priority of the inputs used to value these assets. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities ("Level 1"), and the lowest priority to unobservable inputs ("Level 3"). If the inputs used to measure the financial assets fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the asset. Financial assets recorded in the consolidated statements of financial position are categorized based on the inputs to valuation techniques as follows:

- Level 1: These are assets where values are based on unadjusted quoted prices for identical assets in an active market to which GBFB has access.
- Level 2: These are assets where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3: These are assets where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the assumptions of management about assumptions market participants would use in pricing the investments.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
September 30, 2023 and 2022**

The fair value of GBFB's investments that are reported in the accompanying consolidated statement of financial position as of September 30, 2023 were as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Corporate bonds	\$ 1,403,586	\$ -	\$ -	\$ 1,403,586
Government bonds	13,924,840	-	-	13,924,840
Stocks and Exchange				
Traded Fund	352,950	-	-	352,950
457(b) Plan	787,677	-	-	787,677
U.S. Treasury Securities:				
Treasury Bills	6,001,759	-	-	6,001,759
Treasury Bonds	11,923,533	-	-	11,923,533
Total	\$ 34,394,345	\$ -	\$ -	\$ 34,394,345

As of September 30, 2023, GBFB's investments in debt securities by contractual maturities are follows:

Investment type	Fair market value	Investment maturities (in years)		
		Less than 1	1-5	Greater than 5
U.S. Treasury Securities:				
Treasury Bills	\$ 6,001,759	\$ 6,001,759	\$ -	\$ -
Treasury Bonds	11,923,533	-	11,923,533	-
	\$ 17,925,292	\$ 6,001,759	\$ 11,923,533	\$ -

The fair value of GBFB's investments that are reported in the accompanying consolidated statement of financial position as of September 30, 2022 were as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Corporate bonds	\$ 17,848,588	\$ -	\$ -	\$ 17,848,588
Government bonds	14,192,904	-	-	14,192,904
Emerging market bonds	811,380	-	-	811,380
Treasury Bond Index	16,742,312	-	-	16,742,312
Stocks and Exchange				
Traded Fund	290,335	-	-	290,335
457(b) Plan	607,153	-	-	607,153
Total	\$ 50,492,672	\$ -	\$ -	\$ 50,492,672

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, 2023 and 2022.

Investments in mutual funds and US Treasury Securities are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Such prices represent the net asset value of shares held by GBFB at year-end.

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2023 and 2022

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 12 - Contributed services

Donated services are recognized as support if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. GBFB recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. During the years ended September 30, 2023 and 2022, the Organization received the following donated services:

	<u>2023</u>	<u>2022</u>
Audit	\$ 59,932	\$ 49,640
Legal	205,836	177,959
Consulting	11,190	70,925
Advertising	144,742	139,635
Fundraising	101,700	85,000
Transportation	40,000	12,501
Total	<u>\$ 563,400</u>	<u>\$ 535,660</u>

All donated services were utilized by the GBFB's programs and supporting services. There were no donor-imposed restrictions associated with the donated services. Donated services are valued at the standard hourly rates charged for those services.

Note 13 - Rental income

In March 2012, GBFB, as the lessor, 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.

Future payments to be received under this rental agreement for the years subsequent to September 30, 2023 are as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2024	\$ 238,140
2025	119,070
Total	<u>\$ 357,210</u>

The Greater Boston Food Bank, Inc. and Subsidiary

Notes to Consolidated Financial Statements September 30, 2023 and 2022

Included in the rental expense for the years ended September 30, 2023 and 2022 is depreciation expense totaling \$11,835 and \$11,835, respectively.

Note 14 - Related party transactions

GBFB leases its warehouse and office facilities from GBFB Realty, Inc., which is part of the consolidated group, under a 30-year lease expiring June 30, 2039.

The lease provides for annual lease payments of \$1,000 for the remaining term of the lease agreement. Total lease payments for the years ended September 30, 2023 and 2022 was \$1,000 for each year and has been eliminated during consolidation.

Note 15 - Concentrations of risk

For the years ended September 30, 2023 and 2022, approximately 18% and 20%, respectively, of GBFB's total support and revenues were derived from MEFAP.

For the years ended September 30, 2023 and 2022, approximately 32% and 36%, respectively, of GBFB's total food purchases were from three vendors.

For the years ended September 30, 2023 and 2022, approximately 13% and 16%, respectively, of the total food distributed was MEFAP food. For the years ended September 30, 2023 and 2022, approximately 11% and 13%, respectively, of the total food distributed was USDA food.

Note 16 - Subsequent events

The Organization entered into an Asset Transfer Agreement effective December 1, 2023 with Health Resources in Action, Inc (the "Transferee"), an unrelated nonprofit corporation, to transfer the Program Assets of the Organization's program known as the Hunger to Health Collaboratory (the "Program") to the Transferee. Under the Asset Transfer Agreement as of December 1, 2023, the Program will transition from the Organization and be carried out as a sponsored project of the Transferee, pursuant to the Asset Transfer Agreement and the Fiscal Sponsorship Agreement dated as of November 28, 2023. The Asset Transfer Agreement also provides for a 24 month Clawback if the Transferee breaches the Asset Transfer Agreement or a material provision of the Fiscal Sponsorship Agreement. On December 4, 2023, the Organization transferred Program Assets in the amount of \$1,900,000 to the Transferee. Remaining Program Assets of approximately \$75,000 remain and are expected to be transferred at a later date.

On October 31, 2023, the Organization entered into a construction contract for refrigeration expansion for approximately \$3.8 million. The work is expected to be completed by August 30, 2024.

The Greater Boston Food Bank, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards of the Greater Boston Food Bank, Inc.
Year Ended September 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
Department of Agriculture				
Passed through from the Massachusetts Department of Elementary and Secondary Education, Office for Nutrition, Health and Safety Programs				
Food Distribution Cluster				
Commodity Supplemental Food Program (Administrative Costs)	10.565	7053-2125	\$ -	\$ 240,150
Commodity Supplemental Food Program (Food Commodities)	10.565	7053-2125	910,342	910,342
Emergency Food Assistance Program (Administrative Costs)	10.568	N/A	-	1,209,799
Emergency Food Assistance Program (TEFAP - Reach & Resiliency)	10.568	N/A	217,902	562,312
Emergency Food Assistance Program (Food Commodities)	10.569	N/A	18,866,451	18,866,451
Total Department of Agriculture - Food Distribution Cluster			19,994,695	21,789,054
Passed through from the Massachusetts Department of Agricultural Resources' Local Food Assistance Program				
Pandemic Relief Activities (Food Commodities)	10.182	N/A	500,000	500,000
Total Department of Agriculture			20,494,695	22,289,054
Total expenditures of federal awards			\$ 20,494,695	\$ 22,289,054

See Notes to Schedule of Expenditures of Federal Awards.

The Greater Boston Food Bank, Inc. and Subsidiary

**Notes to Schedule of Expenditures of Federal Awards
September 30, 2023**

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes federal award activity of The Greater Boston Food Bank, Inc. (the "Organization") under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of The Greater Boston Food Bank, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Greater Boston Food Bank, Inc.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect cost rate

The Organization has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Value of noncash and cash expenditures

During the year ended September 30, 2023, the Organization distributed 12,316,012 pounds of USDA foodstuffs valued at \$22,289,054. Total expenditures for the year ended September 30, 2023 are as follows:

Total value of noncash expenditures	\$ 20,276,793
Cash expenditures	<u>2,012,261</u>
Total federal expenditures	<u>\$ 22,289,054</u>

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the 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, the consolidated financial statements of The Greater Boston Food Bank, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities, functional expenses, changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 4, 2024. The financial statements of GBFB Realty, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with GBFB Realty, Inc.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Greater Boston Food Bank, Inc.'s internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Greater Boston Food Bank, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greater Boston Food Bank, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Greater Boston Food Bank, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do

not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Boston, Massachusetts
April 4, 2024

Independent Auditor's Report on Compliance for the Major Federal Program; and
Report on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited The Greater Boston Food Bank, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on The Greater Boston Food Bank, Inc.'s major federal program for the year ended September 30, 2023. The Greater Boston Food Bank, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Greater Boston Food Bank, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Greater Boston Food Bank, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of The Greater Boston Food Bank, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Greater Boston Food Bank, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on The Greater Boston Food Bank, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Greater Boston Food Bank, Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Greater Boston Food Bank, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Greater Boston Food Bank, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Greater Boston Food Bank, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of the entity's internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CohnReznick LLP

Boston, Massachusetts
April 4, 2024

The Greater Boston Food Bank, Inc. and Subsidiary

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2023**

I. Summary of Auditor's Results:

Financial Statements:

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiencies(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major program:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.565, 10.568, 10.569	Department of Agriculture: Food Distribution Cluster

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

X yes _____ no

The Greater Boston Food Bank, Inc. and Subsidiary

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2023**

II. Financial Statements Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.



Independent Member of Nexia International

cohnreznick.com