



FOOD FOR FREE COMMITTEE, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2015

FOOD FOR FREE COMMITTEE, INC.

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR YEAR ENDED JUNE 30, 2015

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Bernard, Johnson & Company, P.C.

Certified Public Accountants and Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Food For Free Committee, Inc.

We have audited the accompanying financial statements of Food For Free Committee, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 audit. We conducted our audit 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Food For Free Committee, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Bernard Johnson & Company P.C.

Topsfield, Massachusetts
August 21, 2015

FOOD FOR FREE COMMITTEE, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015
(SEE INDEPENDENT AUDITOR'S REPORT)

ASSETS

	<u>2015</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 117,866
Payments receivable	44,089
Prepaid expenses	<u>31,431</u>
Total current assets	<u>193,386</u>
CASH AND CASH EQUIVALENTS, board-restricted as to use	<u>165,001</u>
PROPERTY AND EQUIPMENT, net	<u>104,917</u>
Total assets	<u><u>\$ 463,304</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accrued expenses	<u>\$ 14,393</u>
Total current liabilities	<u>14,393</u>
NET ASSETS:	
Unrestricted:	
General operations	244,295
Board designated	165,001
Temporarily restricted	<u>39,615</u>
Total net assets	<u>448,911</u>
Total liabilities and net assets	<u><u>\$ 463,304</u></u>

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

FOOD FOR FREE COMMITTEE, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(SEE INDEPENDENT AUDITOR'S REPORT)

	Unrestricted	Temporarily Restricted	2015 Total
REVENUES AND SUPPORT:			
Contracts and grants	\$ 187,829	\$ -	\$ 187,829
Individual and business donations	205,605	55,000	260,605
Events and appeals	195,648	-	195,648
In-kind food delivery	3,054,967	-	3,054,967
Earned income	8,550	-	8,550
Investment income	429	-	429
Other income	20,280	-	20,280
Net assets released from restrictions	15,385	(15,385)	-
	<hr/>	<hr/>	<hr/>
Total revenues and support	3,688,693	39,615	3,728,308
	<hr/>	<hr/>	<hr/>
PROGRAM AND SUPPORT SERVICES:			
Program services	3,500,097	-	3,500,097
Management and general	108,475	-	108,475
Fundraising	120,016	-	120,016
	<hr/>	<hr/>	<hr/>
Total program and support services	3,728,587	-	3,728,587
	<hr/>	<hr/>	<hr/>
Change in net assets	(39,894)	39,615	(279)
Net assets at beginning of year	449,190	-	449,190
	<hr/>	<hr/>	<hr/>
Net assets at end of year	\$ 409,296	\$ 39,615	\$ 448,911
	<hr/>	<hr/>	<hr/>

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

FOOD FOR FREE COMMITTEE, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
(SEE INDEPENDENT AUDITOR'S REPORT)

	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (279)
Adjustments to reconcile change in net assets to net cash used in operating activities -	
Depreciation	44,804
Cash used in changes in:	
Payments receivable	(31,116)
Prepaid expenses	(13,191)
Accounts payable	(13,279)
Accrued expenses	<u>(8,420)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(21,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES -	
Purchases of property and equipment	(29,441)
Increase in cash and cash equivalents restricted as to use	<u>(308)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(29,749)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(51,230)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>169,096</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 117,866</u>

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

FOOD FOR FREE COMMITTEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
(SEE INDEPENDENT AUDITOR'S REPORT)

	Program Services	Management and General	Fundraising	Total 2015
Salaries	\$ 256,939	\$ 40,974	\$ 63,902	\$ 361,815
Payroll taxes	22,209	3,540	5,525	31,274
Fringe benefits	23,664	4,655	6,778	35,097
Total compensation and benefits	<u>302,812</u>	<u>49,169</u>	<u>76,205</u>	<u>428,186</u>
Rent	3,408	672	720	4,800
Depreciation	44,804	-	-	44,804
Total occupancy costs	<u>48,212</u>	<u>672</u>	<u>720</u>	<u>49,604</u>
Transportation, travel and meals	39,666	657	-	40,323
In-kind food delivery	3,054,967	-	-	3,054,967
Food purchases	32,720	-	-	32,720
Insurance	14,677	8,561	-	23,238
Telephone and communications	7,042	-	-	7,042
Total program expenses	<u>3,149,072</u>	<u>9,218</u>	<u>-</u>	<u>3,158,290</u>
Administrative and office	-	9,589	588	10,177
Consulting fees	-	20,104	18,000	38,104
Special event costs	-	-	8,486	8,486
Bank and credit card fees	-	29	4,093	4,122
Printing, postage and publications	-	3,208	11,924	15,132
Accounting and bookkeeping	-	14,314	-	14,314
Miscellaneous	-	2,172	-	2,172
Total other expenses	<u>-</u>	<u>49,416</u>	<u>43,091</u>	<u>92,507</u>
Total expenses	<u>\$ 3,500,097</u>	<u>\$ 108,475</u>	<u>\$ 120,016</u>	<u>\$ 3,728,587</u>

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

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(SEE INDEPENDENT AUDITOR'S REPORT)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Food For Free Committee, Inc., ("Food For Free"), was organized in 1981 in Cambridge, Massachusetts. Food For Free, through a combination of food rescue, farming, and transportation services, provides over 100 emergency food programs year-round access to healthy food, especially fresh fruits and vegetables, while its home delivery program transports food directly to isolated seniors and people with disabilities. Its programs address not only short-term hunger, but obesity, diet-related disease, and other long-term health effects of food insecurity and poor nutrition. Food For Free is funded by public and foundation grants and individual and corporate donations.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Food For Free reports information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets represent the portion of net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted assets also include assets the Board of Directors have restricted as to use (Board-designated net assets).
- Temporarily restricted net assets represent pledges or contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by Food For Free actions pursuant to those stipulations.
- Permanently restricted net assets represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by Food For Free actions. Food For Free had no permanently restricted net assets in 2015.

Management's Review

In preparing the financial statements, management evaluated events and transactions for potential recognition or disclosure through August 21, 2015, the date the financial statements were available to be issued.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(SEE INDEPENDENT AUDITOR'S REPORT)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and Cash Equivalents and Concentration of Risk

Food For Free defines cash equivalents as short-term highly liquid investments with original maturities of three months or less.

Food For Free maintains some of its cash in bank deposit accounts, which at times may exceed federally insured limits. Food For Free has not experienced any losses in such accounts, and management believes that it is not exposed to any significant credit risk on cash or cash equivalents. No amounts exceeded federally insured limits at June 30, 2015.

Payments Receivable

Payments receivable are stated at the amount management expects to collect from outstanding balances. Management considers all payments receivable at June 30, 2015 to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Property and Equipment

Property and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Purchases of property and equipment in excess of \$2,000 are capitalized. Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Depreciation of transportation vehicles, equipment and leasehold improvements is provided on a straight-line basis over the following estimated useful lives:

<u>Classification</u>	<u>Estimated Useful Life</u>
Transportation vehicles	5
Equipment	5
Leasehold improvements	40

(Continued)

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(SEE INDEPENDENT AUDITOR'S REPORT)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

In accordance with accounting principles generally accepted in the United States of America, Food For Free has given consideration to the impairment of their long-lived assets in its presentation of these financial statements. As of June 30, 2015, Food For Free has not recognized any reduction in the carrying value of its property.

Revenue Recognition

Food For Free records revenue from grants and contributions as unrestricted revenue and unrestricted net assets when the grant or contribution is received or an unconditional pledge is made unless specifically restricted by the donor.

In-kind Food Donations and Food Inventories

Food For Free receives donated food and related supplies through its food rescue program. For the year ended June 30, 2015, over 1,776,000 pounds of rescued food was distributed to local emergency food programs and individuals. The financial statements reflect the fair market value of in-kind food and related supplies received from donors using a unit price per pound method. The unit price per pound rate of \$1.72 was obtained from Feeding America's audited financial statements for the year ended June 30, 2014.

Donated Services

Food For Free receives significant contributed services from volunteers in conducting its operations. The value of these services is not reflected in these statements, as they are not professional in nature nor do they add value to nonfinancial assets.

Income Taxes and Uncertainty of Income Taxes

Food For Free is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable Massachusetts state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, Food For Free may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for June 30, 2015.

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FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(SEE INDEPENDENT AUDITOR'S REPORT)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes and Uncertainty of Income Taxes (Continued)

Food For Free files its Form 990 in the U.S. federal jurisdiction and the office of the Massachusetts' Attorney General. These filings are subject to examination generally for 3 years after they were filed. Information returns filed for the years 2014, 2013 and 2012 remain subject to examination by the Internal Revenue Service and the state of Massachusetts.

Advertising

Food For Free expenses advertising costs as incurred.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. PROPERTY AND EQUIPMENT

At June 30, 2015, property and equipment consists of the following:

	2015
Transportation vehicles	\$164,542
Equipment	55,326
Leasehold improvements	18,684
	<u>238,552</u>
Less accumulated depreciation	<u>(133,635)</u>
Net property and equipment	<u>\$104,917</u>

Depreciation expense was \$44,804 for the year ended June 30, 2015.

3. LINE OF CREDIT

At June 30, 2015, Food For Free had available a secured \$20,000 line of credit with a bank. The line bears interest at the bank's prime rate plus 2.5%. The line is secured by all business assets and outstanding balances are due monthly or immediately upon demand. There were no borrowings on this credit line in 2015.

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FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
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4. COMPENSATED ABSENCES

Employees are entitled to paid vacation, sick and personal days off depending on job classification, length of service and other factors. Unused vacation time can generally be carried over and used within the first three months of the following year. Food For Free has accrued the value of compensated absences at June 30, 2015 and accrued vacation was estimated at \$3,147.

5. NET ASSETS

Board Designated Net Assets

The Board of Directors has designated assets for the following purposes as of June 30, 2015:

	<u>2015</u>
Strategic development initiatives	\$13,584
Operating contingencies	100,430
Capital replacement costs	<u>50,987</u>
	<u>\$165,001</u>

Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2015:

	<u>2015</u>
Employed position	\$39,615

6. RENT

Food For Free occupies space owned by Cambridge Economic Opportunity Committee located in Cambridge, MA. Monthly rent expense is currently \$400 under an informal rental agreement. Rent expense for the year ended June 30, 2015 was for \$4,800.

7. RELATED PARTIES

Certain members of Food For Free's Board of Directors hold positions with a community savings bank with whom Food For Free banks. One individual is a senior officer, one is a corporator, and another is a corporator and director.