



FOOD FOR FREE COMMITTEE, INC.

REPORT ON AUDIT OF  
FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

FOOD FOR FREE COMMITTEE, INC.

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR YEARS ENDED JUNE 30, 2016 AND 2015

---

CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7-11

INDEPENDENT AUDITOR'S REPORT

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

**Report of the Financial Statements**

We have audited the accompanying financial statements of Food For Free Committee, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of June 30, 2016, 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, 2016, 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.

*Report on Summarized Comparative Information*

We have previously audited Food For Free Committee, Inc.'s 2015 financial statements, and our report dated August 21, 2015, expressed an unqualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*BJHC PC*

Topsfield, Massachusetts  
August 11, 2016

FOOD FOR FREE COMMITTEE, INC.

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 284,760	\$ 117,866
Contributions and grants receivable, current	115,139	44,089
Prepaid expenses	<u>26,528</u>	<u>31,431</u>
Total current assets	<u>426,427</u>	<u>193,386</u>
CASH AND CASH EQUIVALENTS, board-restricted as to use	<u>101,090</u>	<u>165,001</u>
LONG-TERM GRANTS RECEIVABLE, net of current portion	<u>50,000</u>	<u>-</u>
PROPERTY AND EQUIPMENT, net	<u>72,513</u>	<u>104,917</u>
Total assets	<u>\$ 650,030</u>	<u>\$ 463,304</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 7,633	\$ -
Accrued expenses	<u>38,398</u>	<u>14,393</u>
Total current liabilities	<u>46,031</u>	<u>14,393</u>
NET ASSETS:		
Unrestricted:		
General operations	297,909	244,295
Board designated	101,090	165,001
Temporarily restricted	<u>205,000</u>	<u>39,615</u>
Total net assets	<u>603,999</u>	<u>448,911</u>
Total liabilities and net assets	<u>\$ 650,030</u>	<u>\$ 463,304</u>

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

FOOD FOR FREE COMMITTEE, INC.

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
<b>OPERATING REVENUE AND SUPPORT:</b>				
Contracts and grants	\$ 317,478	\$ 155,000	\$ 472,478	\$ 187,829
Individual and business contributions	218,758	50,000	268,758	260,605
Events and appeals	226,234	-	226,234	195,648
In-kind food delivery	2,903,559	-	2,903,559	3,054,967
Earned income	21,950	-	21,950	28,830
Investment income and other	975	-	975	429
Net assets released from program restrictions	39,615	(39,615)	-	-
	<hr/>			
Total operating revenue and support	3,728,569	165,385	3,893,954	3,728,308
<hr/>				
<b>PROGRAM AND SUPPORT SERVICES:</b>				
Program services	3,527,469	-	3,527,469	3,497,730
Management and general	132,793	-	132,793	110,336
Fundraising	132,962	-	132,962	120,522
	<hr/>			
Total program and support services	3,793,224	-	3,793,224	3,728,587
<hr/>				
<b>NON-OPERATING REVENUE:</b>				
Contribution of program net assets	54,358	-	54,358	-
	<hr/>			
Change in net assets	(10,297)	165,385	155,088	(279)
	<hr/>			
Net assets, beginning of year	409,296	39,615	448,911	449,190
	<hr/>			
Net assets, end of year	\$ 398,999	\$ 205,000	\$ 603,999	\$ 448,911

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

FOOD FOR FREE COMMITTEE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 155,088	\$ (279)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities -		
Depreciation	40,072	44,804
Non-operating contribution of program net assets	(54,358)	-
Cash provided by (used in) changes in:		
Contributions and grants receivable	(121,050)	(31,116)
Prepaid expenses	4,903	(13,191)
Accounts payable	7,633	(13,279)
Accrued expenses	24,005	(8,420)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>56,293</u>	<u>(21,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES -		
Purchases of property and equipment	(7,668)	(29,441)
Decrease in cash and cash equivalents restricted as to use	63,911	(308)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>56,243</u>	<u>(29,749)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Non-operating contribution of program net assets	54,358	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	166,894	(51,230)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>117,866</u>	<u>169,096</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 284,760</u>	<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, 2016  
*(with comparative totals for 2015)*

	Program Services	Management and General	Fundraising	Total 2016	Total 2015
Salaries	\$ 340,163	\$ 31,749	\$ 81,639	\$ 453,551	\$ 361,815
Payroll taxes	30,652	2,861	7,356	40,869	31,274
Fringe benefits	17,608	9,285	5,123	32,016	35,097
Total compensation and benefits	<u>388,423</u>	<u>43,895</u>	<u>94,118</u>	<u>526,436</u>	<u>428,186</u>
Rent	3,840	240	720	4,800	4,800
Depreciation	40,072	-	-	40,072	44,804
Total occupancy costs	<u>43,912</u>	<u>240</u>	<u>720</u>	<u>44,872</u>	<u>49,604</u>
Transportation, travel and meals	41,550	-	-	41,550	40,323
In-kind food delivery	2,902,471	-	-	2,902,471	3,054,967
Food purchases	89,812	-	-	89,812	32,720
Insurance	27,189	6,529	138	33,856	23,238
Telephone and communications	7,976	745	1,914	10,635	7,042
Total program expenses	<u>3,068,998</u>	<u>7,274</u>	<u>2,052</u>	<u>3,078,324</u>	<u>3,158,290</u>
Administrative and office	6,124	5,352	2,797	14,273	10,177
Consulting fees	-	60,138	4,500	64,638	38,104
Special event costs	-	-	12,610	12,610	8,486
Bank and credit card fees	-	81	1,755	1,836	4,122
Printing, postage and publications	400	7,001	11,861	19,262	15,132
Accounting and bookkeeping	13,592	850	2,549	16,991	14,314
Miscellaneous	6,020	7,962	-	13,982	2,172
Total other expenses	<u>26,136</u>	<u>81,384</u>	<u>36,072</u>	<u>143,592</u>	<u>92,507</u>
Total expenses	<u>\$ 3,527,469</u>	<u>\$ 132,793</u>	<u>\$ 132,962</u>	<u>\$ 3,793,224</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, 2016 AND 2015

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 2016.

Management’s Review

In preparing the financial statements, management evaluated events and transactions for potential recognition or disclosure through August 11, 2016, 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, 2016 AND 2015

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; however, these deposits continue to be covered by The Massachusetts Depositors Insurance Fund. 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, 2016.

Contributions and Grants Receivable

Food For Free reports unconditional promises to give as contributions. If outstanding contributions and grants are expected to be collected in less than one year, they are recorded at the estimated amount to be ultimately realized. If outstanding contributions and grants are to be paid to the organization over a period of years, they are recorded at the present value of their estimated cash flows using the prime rate as of the fiscal year-end in the year of donation. Contributions and grants due in excess of one year are reflected net of an allowance for uncollectible amounts based on management's judgment, past payment experience, and other relevant factors. Management considers all receivables at June 30, 2016 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:

Classification	Estimated Useful Life
Transportation vehicles	5
Equipment	5
Leasehold improvements	40

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. At June 30, 2016, Food For Free has not recognized any reduction in the carrying value of its property.

*(Continued)*

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Donated Goods and Services

Food For Free reports the fair value of gifts of donated food and grocery products over which it has control (i.e. variance power) as unrestricted public support and, shortly thereafter, as expense when distributed to local emergency food programs and individuals participating in the food rescue program. During the years ended June 30, 2016 and 2015, Food For Free distributed approximately 1.7 and 1.8 million pounds, respectively, of donated product. The approximate average wholesale value of one pound of donated product at the national level, which was determined to be \$1.72, was based upon a study performed by Feeding America. The dollar value of these pounds distributed is \$2,902,471 and \$3,054,967 for the years ended June 30, 2016 and 2015, respectively, and is included within in-kind food delivery in the accompanying financial statements.

In addition, a number of individuals and organizations have made in-kind donations or volunteered their services to Food For Free. For those services that do not require special expertise, the estimated value of such donated services has not been recorded in the financial statements.

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, 2016.

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 2015, 2014 and 2013 remain subject to examination by the Internal Revenue Service and the state of Massachusetts.

*(Continued)*

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Food For Free expenses advertising costs as incurred.

Functional Expense Allocation

The cost of providing the various programs and supporting services is summarized on a functional basis in the Statement of Activities and in detail in the Statement of Functional Expenses. Certain costs are allocated among the programs and supporting services benefited.

2. PROPERTY AND EQUIPMENT

At June 30, 2016 and 2015, property and equipment consists of the following:

	2016	2015
Transportation vehicles	\$ 164,542	\$ 164,542
Equipment	55,326	55,326
Leasehold improvements	26,352	18,684
	<u>246,220</u>	<u>238,552</u>
Less accumulated depreciation	(173,707)	(133,635)
Net property and equipment	<u>\$ 72,513</u>	<u>\$ 104,917</u>

Depreciation expense was \$40,072 and \$44,804 for the years ended June 30, 2016 and 2015.

3. LINE OF CREDIT

Food For Free has available, a secured \$20,000 line of credit with a bank. The credit line bears interest at the bank's prime rate plus 2.5%. The credit line is secured by all business assets and outstanding balances are due monthly or immediately upon demand. There were no borrowings in 2016 or 2015.

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 had accrued the value of compensated absences at June 30, 2015 and accrued vacation was estimated at \$3,147; there was no accrued vacation at June 30, 2016.

*(Continued)*