



**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

JUNE 30, 2021 AND 2020

FOOD FOR FREE COMMITTEE, INC.

REPORT ON AUDIT OF FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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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 Massachusetts nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 these 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, 2021, 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.

Report on Summarized Comparative Information

We have previously audited Food For Free Committee, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion in our report dated September 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in black ink, appearing to read "BJHC PC".

Topsfield, Massachusetts
September 16, 2021

FOOD FOR FREE COMMITTEE, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>ASSETS</u>	
	2021	2020
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,327,328	\$ 1,959,065
Contributions and grants receivable	222,485	229,018
Prepaid expenses	48,511	50,727
Total current assets	<u>2,598,324</u>	<u>2,238,810</u>
CASH AND CASH EQUIVALENTS, board-restricted as to use	<u>51,602</u>	<u>51,499</u>
PROPERTY AND EQUIPMENT, net	<u>83,269</u>	<u>66,496</u>
DEPOSITS	<u>50,517</u>	<u>4,017</u>
Total assets	<u>\$ 2,783,712</u>	<u>\$ 2,360,822</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ -	\$ 65,310
Accounts payable	30,827	46,124
Accrued expenses	176,904	175,680
Total current liabilities	207,731	287,114
LONG-TERM DEBT, net of current portion	<u>-</u>	<u>83,190</u>
Total liabilities	<u>207,731</u>	<u>370,304</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated - general operations	2,342,579	1,295,162
Board-designated for capital replacement	51,602	51,499
With donor restrictions	181,800	643,857
Total net assets	<u>2,575,981</u>	<u>1,990,518</u>
Total liabilities and net assets	<u>\$ 2,783,712</u>	<u>\$ 2,360,822</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, 2021
(with comparative totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
OPERATING REVENUE AND SUPPORT:				
Contracts and grants	\$ 387,588	\$ 738,300	\$ 1,125,888	\$ 1,153,900
Individual and business contributions	1,468,444	-	1,468,444	1,515,065
Special events and appeals, net of cost of direct benefits to donors	644,025	-	644,025	303,857
In-kind contributions	8,054,278	-	8,054,278	4,612,886
Food procurement revenue	316,325	-	316,325	46,185
Investment income and other	9,046	-	9,046	8,363
Net assets released from donor restrictions	1,200,357	(1,200,357)	-	-
 Total operating revenue and support	 12,080,063	 (462,057)	 11,618,006	 7,640,256
PROGRAM AND SUPPORT SERVICES:				
Program services	10,550,197	-	10,550,197	6,004,674
Management and general	169,765	-	169,765	158,296
Fundraising	329,241	-	329,241	257,207
 Total program and support services	 11,049,203	 -	 11,049,203	 6,420,177
NON-OPERATING REVENUE:				
Capital grants	-	16,660	16,660	2,500
Net assets released from donor restrictions	16,660	(16,660)	-	-
 Total non-operating revenue	 16,660	 -	 16,660	 2,500
 Change in net assets	 1,047,520	 (462,057)	 585,463	 1,222,579
Net assets, beginning of year	1,346,661	643,857	1,990,518	767,939
Net assets, end of year	\$ 2,394,181	\$ 181,800	\$ 2,575,981	\$ 1,990,518

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, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 585,463	\$ 1,222,579
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,697	29,653
Capital grants	(16,660)	(2,500)
Discharge of indebtedness income (government grant)	(148,500)	-
Cash provided by (used in) changes in:		
Contributions and grants receivable	6,533	(101,806)
Prepaid expenses	2,216	(10,277)
Accounts payable	(15,297)	30,370
Accrued expenses	1,224	127,206
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>448,676</u>	<u>1,295,225</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(50,470)	(9,750)
Purchase of security deposits	(46,500)	(2,332)
NET CASH USED IN INVESTING ACTIVITIES	<u>(96,970)</u>	<u>(12,082)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable - bank	-	148,500
Capital grants	16,660	2,500
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>16,660</u>	<u>151,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	368,366	1,434,143
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>2,010,564</u>	<u>576,421</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 2,378,930</u>	<u>\$ 2,010,564</u>
Reconciliation to cash and cash equivalents and restricted cash on the Statement of Financial Position:		
Cash and cash equivalents	\$ 2,327,328	\$ 1,959,065
Cash and cash equivalents, board-restricted as to use	51,602	51,499
	<u>\$ 2,378,930</u>	<u>\$ 2,010,564</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, 2021
(with comparative totals for 2020)

	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total 2021	Total 2020
Salaries	\$ 783,641	\$ 93,908	\$ 195,295	\$ -	\$ 1,072,844	\$ 852,132
Payroll taxes and fringe benefits	133,598	16,010	33,295	-	182,903	124,843
Total compensation and benefits	917,239	109,918	228,590	-	1,255,747	976,975
Repairs and maintenance	59,211	4,415	9,875	-	73,501	-
Rent	29,721	2,216	4,957	-	36,894	25,000
Depreciation and amortization	33,697	-	-	-	33,697	29,653
Utilities	6,357	474	1,060	-	7,891	-
Total occupancy costs	128,986	7,105	15,892	-	151,983	54,653
In-kind food rescue and food purchases	8,803,998	-	-	-	8,803,998	4,906,563
Other program expenses	498,986	-	-	-	498,986	222,864
Transportation	111,188	-	-	-	111,188	104,634
Insurance	39,113	4,687	9,747	-	53,547	52,872
Total program expenses	9,453,285	4,687	9,747	-	9,467,719	5,286,933
Consulting fees	320	27,999	45,000	-	73,319	24,666
Administrative and office	43,648	5,230	10,877	-	59,755	39,571
Information technology	4,557	472	12,803	-	17,832	9,430
Accounting and bookkeeping	2,162	12,259	539	-	14,960	15,418
Printing, postage and publications	-	2,095	5,793	-	7,888	12,531
Cost of direct benefits to donors	-	-	-	-	-	13,017
Total other expenses	50,687	48,055	75,012	-	173,754	114,633
Total expenses by function	10,550,197	169,765	329,241	-	11,049,203	6,433,194
Less expenses included with revenues on the Statement of Activities	-	-	-	-	-	(13,017)
Total expenses	\$ 10,550,197	\$ 169,765	\$ 329,241	\$ -	\$ 11,049,203	\$ 6,420,177

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

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. NATURE OF OPERATIONS

Food For Free Committee, Inc., (“Food For Free”), was organized in 1981 in Cambridge, Massachusetts. Food For Free improves community-wide access to healthy foods through several tactics including food rescue, repackaging of rescued food, distribution of food to community food programs, food procurement services for community food programs, farming, and distribution of food directly to children, seniors, and people with disabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Food for Free classifies net assets, revenues, gains and losses based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions represent the portion of net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, \$51,602 for future capital replacement costs.
- Net assets with donor restrictions represent the portion of net assets subject to donor- (or certain grantor-) imposed restrictions. Certain donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources to be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Management’s Review

In preparing the financial statements, management evaluated events and transactions for potential recognition or disclosure through September 16, 2021, the date the financial statements were available to be issued.

Estimates

The preparation of financial statements in conformity with GAAP 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.

Comparative Financial Statements

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Food For Free’s financial statements for the year ended June 30, 2020, from which the summarized information was taken.

(Continued)

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

Adopted Accounting Pronouncements

On July 1, 2019, Food For Free adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods and services. The guidance follows a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization of certain contract costs, consideration of the time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Adoption of this standard had no significant impact on the financial statements.

Food For Free adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendment clarifies guidance on how an entity determines whether a transfer of assets is a contribution or exchange transaction. The amendment also clarifies the determination of conditional contributions based on evaluating whether there is a right of return and a barrier to overcome. The amendment has been applied using the modified prospective method. Adoption of this standard had no significant impact on the financial statements.

Food For Free also adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires entities to present contributed nonfinancial assets as a separate line item in the Statement of Activities and provide additional disclosures about contributions of nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets an entity has received. Adoption of this standard had no significant impact on the financial statements.

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.

Contributions and Grants Receivable

Food For Free reports unconditional promises to give as contribution revenue. 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 Food For Free over a period of years, they are recorded at the present value of their estimated cash flows using a risk-adjusted rate as of the fiscal year-end in the year of donation. Contributions and grants due in excess of one year are also reported 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, 2021 to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

All contributions and grants receivable are expected to be received within one year.

(Continued)

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

Property and Equipment

Property and equipment are stated on the basis of cost at date of purchase, or if donated, at fair value at the date of donation. 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, software 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 and software	3-5
Leasehold improvements	5-40

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, 2021, Food For Free has not recognized any reduction in the carrying value of its property.

Contributions and Grants

Contributions and grants are considered to be available for use, without donor restrictions, unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or are restricted by the donor or grantor for specific purposes are reported as net assets with donor restrictions. Amounts required to be maintained in perpetuity by the donor are also reported as net assets with donor restrictions.

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 public support (without donor restrictions) 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, 2021 and 2020, Food For Free distributed approximately 4.6 and 2.8 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 \$1.74 and \$1.62, respectively, during 2021 and 2020, was based upon a study performed by Feeding America. The dollar value of these pounds distributed is \$8,026,820 and \$4,583,355 for the years ended June 30, 2021 and 2020, respectively, and is included within in-kind food delivery in the accompanying financial statements.

Food For Free receives in-kind contributions of investment securities throughout the year. Contributed securities are valued at fair market value on the date of receipt. The fair market value of contributed securities was \$20,426 and \$22,500 for the years ended June 30, 2021 and 2020, respectively.

(Continued)

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

Donated Goods and Services (*continued*)

Food For Free received an in-kind contribution of the license to use a refrigerated vehicle from the City of Cambridge, Massachusetts to carry out the City's delivery of frozen meals and support the operations of the City of Cambridge Senior Center Food pantry program. The fair market annual lease value of the vehicle was \$7,032 for the years year ended June 30, 2021 and 2020.

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.

Food Procurement Revenue

Food For Free charges fees to area food banks and pantries to cover the cost of transportation, packing and processing rescued food.

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.

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, 2021.

Food For Free files its Form 990 in the U.S. federal jurisdiction and its Form PC in the office of the Massachusetts' Attorney General. Returns may be subject to examination for three years after the filing date.

Advertising

Food For Free expenses advertising costs as incurred.

Costs of Direct Benefits to Donors

Management has determined that special events are not incidental to its operations and therefore the cost of direct benefits to donors is netted against special event revenues in the Statements of Activities.

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. Accordingly, certain costs are allocated among the programs and supporting services benefited.

Payroll and the costs of employee benefits and payroll taxes are allocated to functions based upon estimated time and effort. Occupancy costs, workers compensation insurance and payroll service fees are allocated based upon the allocation of payroll. All other costs are directly allocated to a program or support activity.

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FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 2,327,328	\$ 1,959,065
Contributions and grants receivable	222,485	229,018
Cash and cash equivalents, board restricted	51,602	51,499
	<u>\$ 2,601,415</u>	<u>\$ 2,239,582</u>

Food For Free's goal is to maintain available financial assets sufficient to meet six months of operating expenses in cash and cash equivalents. The board-designated reserve fund may be drawn upon for operating purposes, with Board approval, in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. To meet short-term operating obligations and cash liquidity needs, Food For Free also maintains a bank line of credit of \$20,000.

4. PROPERTY AND EQUIPMENT

At June 30, 2021 and 2020, property and equipment consists of the following:

	2021	2020
Transportation vehicles	\$ 196,535	\$ 196,535
Equipment and software	138,712	119,401
Leasehold improvements	62,969	31,810
	<u>398,216</u>	<u>347,746</u>
Less accumulated depreciation	(314,947)	(281,250)
Net property and equipment	<u>\$ 83,269</u>	<u>\$ 66,496</u>

Depreciation expense was \$32,030 and \$28,681 for the years ended June 30, 2021 and 2020.

5. 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% (with a floor of 5%). The credit line is secured by a general lien on the assets of Food For Free and outstanding balances are due monthly or immediately upon demand. There were no borrowings in 2021 or 2020. The line of credit is not subject to expiration.

(Continued)

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. NOTE PAYABLE - BANK

On April 18, 2020, Food For Free received loan proceeds in the amount of \$148,500 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying organizations in amounts up to 2.5 times average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” as long as the borrower maintains payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. Forgiveness is reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

On November 10, 2020, Food For Free received a complete discharge of this loan together with accrued interest totaling \$149,338. Discharge of indebtedness income is included as a government grant on the Statement of Activities.

7. 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 \$12,487 and \$859 of accrued compensated absences at June 30, 2021 and 2020, respectively.

8. NET ASSETS

Board Designated Net Assets Without Donor Restrictions

The Board of Directors has designated net assets for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Capital replacement costs	<u>\$ 51,602</u>	<u>\$ 51,499</u>

Net Assets with Donor Restrictions

Donor restrictions on net assets consist of the following at June 30, 2021 and 2020:

	2021	2020
Programs	\$ 5,000	\$ 643,857
Time restricted	176,800	-
Total restricted net assets	<u>\$ 181,800</u>	<u>\$ 643,857</u>

9. COMMITMENTS

Leases

Food For Free leases space owned by Cambridge Economic Opportunity Committee in Cambridge, MA under the terms of a one-year lease expiring December 31, 2021. Monthly rent expense was \$2,083 through December 31, 2020 and \$2,083 from January 1, 2021 through December 31, 2021. Food For Free is responsible for utilities, maintenance and insurance.

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FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. COMMITMENTS *(Continued)*

In addition, Food For Free leased distribution space on a month-to-month basis for \$1,723 per month. The lease expired on June 30, 2021. On July 1, 2021, Food For Free entered into a five-year lease for distribution and warehouse space. A \$46,000 security deposit is included in deposits on the Statement of Financial Position.

Annual future minimum facility lease payments over the next five years are as follows:

2022	\$	242,500
2023		284,280
2024		292,800
2025		301,560
2026		301,560

Rent expense for the years ended June 30, 2021 and 2020 was \$36,894 and \$25,000, respectively.

In addition to the in-kind vehicle lease referred to in Note 2, Food For Free also leases two other refrigerated vans. Aggregate monthly vehicle lease payments are \$4,017. Aggregate annual future minimum vehicle lease payments are as follows for the fiscal years ending June 30:

2022	\$	36,413
2023		23,324

10. RELATED PARTY TRANSACTIONS

A member of Food For Free's Board of Directors holds a director position with a community savings bank. Food For Free maintains deposit balances with this bank and obtained its SBA Paycheck Protection Program loan through this bank.

11. RETIREMENT PLAN

On January 1, 2021, Food For Free adopted a 403(b) retirement plan (the Plan). Eligible employees are allowed to defer up to 100% of compensation to the Plan, subject to IRS limitations. Food For Free matches 50% of all eligible employee contributions up to a maximum of \$2,000. Total retirement plan expense was \$7,223 for the year ended June 30, 2021.

12. NEW ACCOUNTING PRONOUNCEMENTS

In 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the Statement of Financial Position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statement of Activities. The new standard is effective for Food For Free's fiscal year 2023 financial statements. Early adoption is permitted.

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FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

13. COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Food For Free is closely monitoring its liquidity and actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on Food For Free's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on Food For Free's employees, volunteers, and vendors, all of which at present, cannot be determined. The widespread launch of mass COVID-19 vaccinations has begun in Massachusetts, however, the ultimate success of the vaccine and the length of time to complete the vaccination process is also unknown at this time. Accordingly, the extent to which COVID-19 may impact Food For Free's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.