



**FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT AUDITORS AND ACCOUNTANTS**

JUNE 30, 2022 AND 2021

FOOD FOR FREE COMMITTEE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Food For Free Committee, 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 audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Food For Free Committee, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted 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 financial statements.



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Food For Free Committee, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Food For Free Committee, Inc.'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 audit.

Summarized Comparative Information

We previously reviewed Food For Free Committee, Inc.'s 2021 financial statements and in our conclusion dated September 16, 2021, stated that based on our review, we were not aware of any material modifications that should be made to the 2021 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2021, for it to be consistent with the reviewed financial statements from which it has been derived.

Handwritten signature in black ink that reads "BJHC PC".

Topsfield, Massachusetts
September 30, 2022

FOOD FOR FREE COMMITTEE, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,932,624	\$ 2,327,328
Contributions and grants receivable	610,701	222,485
Inventory	308,424	-
Prepaid expenses	43,086	48,511
	<u>2,894,835</u>	<u>2,598,324</u>
CASH AND CASH EQUIVALENTS, board-restricted as to use	<u>51,705</u>	<u>51,602</u>
PROPERTY AND EQUIPMENT, net	<u>186,546</u>	<u>83,269</u>
DEPOSITS	<u>50,017</u>	<u>50,517</u>
	<u>\$ 3,183,103</u>	<u>\$ 2,783,712</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable	\$ 67,967	\$ 30,827
Accrued expenses	90,413	176,904
	<u>158,380</u>	<u>207,731</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated - general operations	2,732,046	2,342,579
Board-designated for capital replacement	51,705	51,602
With donor restrictions	240,972	181,800
	<u>3,024,723</u>	<u>2,575,981</u>
	<u>\$ 3,183,103</u>	<u>\$ 2,783,712</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, 2022
(with comparative totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
OPERATING REVENUE AND SUPPORT:				
Contracts and grants	\$ 277,991	\$ 1,487,650	\$ 1,765,641	\$ 1,125,888
Individual and business contributions	1,399,373	95,000	1,494,373	1,468,444
Special events and appeals, net of cost of direct benefits to donors	608,639	-	608,639	644,025
In-kind contributions	10,403,819	-	10,403,819	7,855,766
Food procurement revenue	213,349	-	213,349	316,325
Investment income and other	15,192	-	15,192	9,046
Net assets released from donor restrictions	1,523,478	(1,523,478)	-	-
Total operating revenue and support	14,441,841	59,172	14,501,013	11,419,494
PROGRAM AND SUPPORT SERVICES:				
Program services	13,312,165	-	13,312,165	10,351,685
Management and general	288,978	-	288,978	169,765
Fundraising	451,128	-	451,128	329,241
Total program and support services	14,052,271	-	14,052,271	10,850,691
NON-OPERATING REVENUE:				
Capital grants	-	-	-	16,660
Net assets released from donor restrictions	-	-	-	-
Total non-operating revenue	-	-	-	16,660
Change in net assets	389,570	59,172	448,742	585,463
Net assets, beginning of year	2,394,181	181,800	2,575,981	1,990,518
Net assets, end of year	<u>\$ 2,783,751</u>	<u>\$ 240,972</u>	<u>\$ 3,024,723</u>	<u>\$ 2,575,981</u>

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 448,742	\$ 585,463
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	47,690	33,697
Capital grants	-	(16,660)
Discharge of indebtedness income (government grant)	-	(148,500)
Cash provided by (used in) changes in:		
Contributions and grants receivable	(388,216)	6,533
Inventory	(308,424)	-
Prepaid expenses	5,425	2,216
Accounts payable	37,140	(15,297)
Accrued expenses	(86,491)	1,224
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(244,134)</u>	<u>448,676</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(150,967)	(50,470)
Purchase of security deposits	500	(46,500)
NET CASH USED IN INVESTING ACTIVITIES	<u>(150,467)</u>	<u>(96,970)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable - bank	-	-
Capital grants	-	16,660
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>16,660</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(394,601)	368,366
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>2,378,930</u>	<u>2,010,564</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 1,984,329</u>	<u>\$ 2,378,930</u>
Reconciliation to cash and cash equivalents and restricted cash on the Statement of Financial Position:		
Cash and cash equivalents	\$ 1,932,624	\$ 2,327,328
Cash and cash equivalents, board-restricted as to use	51,705	51,602
	<u>\$ 1,984,329</u>	<u>\$ 2,378,930</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, 2022
(with comparative totals for 2021)

	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total 2022	Total 2021
Salaries	\$ 905,012	\$ 187,235	\$ 259,013	\$ -	\$ 1,351,260	\$ 1,072,844
Payroll taxes and fringe benefits	195,871	40,523	56,058	-	292,452	199,636
Total compensation and benefits	<u>1,100,883</u>	<u>227,758</u>	<u>315,071</u>	<u>-</u>	<u>1,643,712</u>	<u>1,272,480</u>
Repairs and maintenance	125,422	5,415	-	-	130,837	73,501
Rent	289,540	12,500	-	-	302,040	36,894
Depreciation and amortization	47,690	-	-	-	47,690	33,697
Utilities	38,040	1,642	-	-	39,682	7,891
Total occupancy costs	<u>500,692</u>	<u>19,557</u>	<u>-</u>	<u>-</u>	<u>520,249</u>	<u>151,983</u>
In-kind food rescue and food purchases	10,895,760	-	-	-	10,895,760	8,605,486
Other program expenses	542,164	-	-	-	542,164	497,919
Transportation	156,865	-	-	-	156,865	140,680
Insurance	4,816	997	1,379	-	7,192	7,322
Total program expenses	<u>11,599,605</u>	<u>997</u>	<u>1,379</u>	<u>-</u>	<u>11,601,981</u>	<u>9,251,407</u>
Consulting fees	18,497	3,808	105,939	-	128,244	73,319
Administrative and office	58,238	12,049	16,668	-	86,955	59,755
Information technology	30,920	472	1,056	-	32,448	18,899
Accounting and bookkeeping	3,330	22,797	953	-	27,080	14,960
Printing, postage and publications	-	1,540	10,062	-	11,602	7,888
Cost of direct benefits to donors	-	-	-	-	-	-
Total other expenses	<u>110,985</u>	<u>40,666</u>	<u>134,678</u>	<u>-</u>	<u>286,329</u>	<u>174,821</u>
Total expenses by function	<u>13,312,165</u>	<u>288,978</u>	<u>451,128</u>	<u>-</u>	<u>14,052,271</u>	<u>10,850,691</u>
Less expenses included with revenues on the Statement of Activities	-	-	-	-	-	-
Total expenses	<u>\$ 13,312,165</u>	<u>\$ 288,978</u>	<u>\$ 451,128</u>	<u>\$ -</u>	<u>\$ 14,052,271</u>	<u>\$ 10,850,691</u>

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

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, \$51,705 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 30, 2022, 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, 2021, from which the summarized information was taken.

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FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adopted Accounting Pronouncements

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 when purchased. Cash and equivalents are carried at cost which approximates fair value.

Restricted Cash

Cash, restricted for investment in property and equipment consists of a savings account that is board designated.

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, 2022 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.

Inventory

Inventory consists of perishable and non-perishable foods. Donated inventory is valued at the approximate average wholesale value of one pound of donated product at the national level (\$1.79/pound) as outlined in the Product Valuation Survey Methodology prepared by an international CPA firm dated December 31, 2020 prepared for Feeding America for use by member food banks.

(Continued)

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022, Food For Free has not recognized any reduction in the carrying value of its property.

Contributions and Grants

Contributions and grants are 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, 2022 and 2021, Food For Free distributed approximately 7.3 and 4.6 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 \$1.79 and \$1.74, respectively, during 2022 and 2021, was based upon a study performed by Feeding America. The wholesale value of USDA products distributed are provided by the USDA and was approximately \$0.71 and \$0.61 per pound, during 2022 and 2021, respectively. The total dollar value of these pounds distributed is \$10,364,786 and \$7,828,308 for the years ended June 30, 2022 and 2021, respectively, and is included within in-kind food delivery in the accompanying financial statements.

Food For Free determined the value applied to USDA product in 2021 was overstated by \$198,512 and has recorded a prior period adjustment to in-kind contributions and in-kind food rescue expense. Net asset balances were not affected by this adjustment.

(Continued)

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*
Donated Goods and Services *(continued)*

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 \$32,001 and \$20,426 for the years ended June 30, 2022 and 2021, respectively.

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, 2022 and 2021.

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, 2022.

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.

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FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

Functional Expense Allocation

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.

Reclassifications

Certain prior year functional expenses have been reclassified to conform to the current financial statement presentation.

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:

	2022	2021
Cash and cash equivalents	\$ 1,932,624	\$ 2,327,328
Contributions and grants receivable	610,701	222,485
Cash and cash equivalents, board restricted	51,705	51,602
	<u>2,595,030</u>	<u>2,601,415</u>
Less - donor restricted assets	<u>(240,972)</u>	<u>(181,800)</u>
	<u>\$ 2,354,058</u>	<u>\$ 2,419,615</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, 2022 and 2021, property and equipment consists of the following:

	2022	2021
Transportation vehicles	\$ 232,805	\$ 196,535
Equipment and software	253,409	138,712
Leasehold improvements	62,969	62,969
	<u>549,183</u>	<u>398,216</u>
Less accumulated depreciation	<u>(362,636)</u>	<u>(314,947)</u>
Net property and equipment	<u>\$ 186,547</u>	<u>\$ 83,269</u>

Depreciation expense was \$43,816 and \$32,030 for the years ended June 30, 2022 and 2021.

(Continued)

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 2022 or 2021. The line of credit is not subject to expiration.

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 \$11,759 and \$12,487 of accrued compensated absences at June 30, 2022 and 2021, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Capital replacement costs	\$ 51,705	\$ 51,602

Net Assets with Donor Restrictions

Donor restrictions on net assets consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Programs	\$ 70,792	\$ 5,000
Time restricted	170,000	176,800
Total restricted net assets	<u>\$ 240,792</u>	<u>\$ 181,800</u>

(Continued)

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

9. COMMITMENTS

Food For Free leases office space in Cambridge, MA under the terms of a one-year lease expiring December 31, 2022. Monthly rent expense was \$2,083 through June 30, 2021 and \$1,042 from July 1, 2021 through December 31, 2022. Food For Free is responsible for utilities, maintenance and insurance.

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 12,000 square feet of distribution and warehouse space. A \$46,000 security deposit is included in deposits on the Statement of Financial Position.

Base annual future minimum facility lease payments over the next four years are as follows:

2023	\$	290,532
2024		292,800
2025		301,560
2026		310,560

Rent expense for the years ended June 30, 2022 and 2021 was \$302,040 and \$36,894, 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 \$17,414 and \$7,223 for the years ended June 30, 2022 and 2021, respectively.

(Continued)

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

12. PENDING 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.

13. CONCENTRATIONS OF RISK

For the years ended June 30, 2022 and 2021, approximately 77% and 41%, respectively, of Food For Free's total food distributed was sourced from the Greater Boston Food Bank.



INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF
TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF)
REQUIREMENTS FOR AN ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT

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

We have examined Food For Free Committee, Inc.’s compliance with the compliance requirements “activities allowed or unallowed” and “allowable cost/cost principles” (the specified requirements) as described in Part IV “Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds” of the CSLFRF section of the 2022 OMB Compliance Supplement (referred to herein as “Requirements for an Alternative CSLFRF Compliance Examination Engagement”) during the year ended June 30, 2022. Management of Food For Free Committee, Inc. is responsible for Food For Free Committee, Inc.’s compliance with the specified requirements. Our responsibility is to express an opinion on Food For Free Committee, Inc.’s compliance with the specified requirements based on our examination.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on Food For Free Committee, Inc.’s compliance with specified requirements.

In our opinion, Food For Free Committee, Inc. complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on Food For Free Committee, Inc.’s compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on Food For Free Committee, Inc.’s compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether Food For Free Committee, Inc. complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2022. Accordingly, this report is not suitable for any other purpose.

BJHC PC

Topsfield, Massachusetts
September 30, 2022

