



**FOOD FOR FREE COMMITTEE, INC.**

**REPORT ON REVIEW OF  
FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2014  
WITH COMPARATIVE TOTALS FOR THE YEAR  
ENDED DECEMBER 31, 2013**

FOOD FOR FREE COMMITTEE, INC.

REPORT ON REVIEW OF FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2014  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013

---

CONTENTS

	<u>Page(s)</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6-10



## Bernard, Johnson & Company, P.C.

Certified Public Accountants and Business Advisors

### INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of Food For Free Committee, Inc. (a nonprofit organization) as of June 30, 2014, and the related statements of activities and cash flows for the six month period then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 25, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Bernard Johnson & Company P.C.*

Topsfield, Massachusetts  
November 20, 2014

FOOD FOR FREE COMMITTEE, INC.

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND DECEMBER 31, 2013  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

ASSETS

	2014	Audited 2013
CURRENT ASSETS:		
Cash and cash equivalents	\$ 169,096	\$ 292,666
Grants and contributions receivable	12,973	30,039
Prepaid expenses	18,240	17,945
	<hr/>	<hr/>
Total current assets	200,309	340,650
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, board-restricted as to use	164,693	164,646
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, net	120,280	134,642
	<hr/>	<hr/>
Total assets	<u>\$ 485,282</u>	<u>\$ 639,938</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 13,279	\$ 18,974
Accrued expenses	22,813	27,462
	<hr/>	<hr/>
Total current liabilities	36,092	46,436
	<hr/>	<hr/>
NET ASSETS:		
Unrestricted:		
General operations	284,497	408,856
Board designated	164,693	164,646
Temporarily restricted	-	20,000
	<hr/>	<hr/>
Total net assets	449,190	593,502
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 485,282</u>	<u>\$ 639,938</u>

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

FOOD FOR FREE COMMITTEE, INC.

STATEMENTS OF ACTIVITIES  
FOR THE SIX MONTHS ENDED JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013)  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Unrestricted	Temporarily Restricted	2014 Total	Audited 2013 Total
REVENUES AND SUPPORT:				
Contracts and grants	\$ 43,180	\$ -	\$ 43,180	\$ 153,083
Individual and business donations	23,354	-	23,354	191,376
Events and appeals	54,966	-	54,966	183,096
In-kind donations	500	-	500	38
Investment income	190	-	190	157
Net assets released from restrictions	20,000	(20,000)	-	-
	<hr/>			
Total revenues and support	142,190	(20,000)	122,190	527,750
	<hr/>			
PROGRAM AND SUPPORT SERVICES:				
Program services	184,932	-	184,932	339,112
Management and general	38,136	-	38,136	64,711
Fundraising	43,435	-	43,435	114,753
	<hr/>			
Total program and support services	266,502	-	266,502	518,576
	<hr/>			
Change in net assets	(124,312)	(20,000)	(144,312)	9,174
	<hr/>			
Net assets at beginning of period	573,502	20,000	593,502	584,328
	<hr/>			
Net assets at end of period	\$ 449,190	\$ -	\$ 449,190	\$ 593,502
	<hr/>			

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

FOOD FOR FREE COMMITTEE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND YEAR ENDED DECEMBER 31, 2013  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	2014	Audited 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (144,312)	\$ 9,174
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities -		
Depreciation	16,512	36,638
Cash provided by (used in) changes in:		
Grants and contributions receivable	17,066	(11,439)
Prepaid expenses	(295)	10,069
Accounts payable	(5,695)	14,392
Accrued expenses	(4,649)	4,899
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(121,373)</u>	<u>63,733</u>
CASH FLOWS FROM INVESTING ACTIVITIES -		
Purchases of property and equipment	(2,150)	(48,576)
(Increase) decrease in cash and cash equivalents restricted as to use	(47)	11,946
Proceeds from sale of investments	-	8,855
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,197)</u>	<u>(27,775)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(123,570)	35,958
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>292,666</u>	<u>256,708</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 169,096</u>	<u>\$ 292,666</u>

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

FOOD FOR FREE COMMITTEE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE SIX MONTHS ENDED JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013)  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Program Services	Management and General	Fundraising	Total 2014	Audited Total 2013
Salaries	\$ 97,514	\$ 18,429	\$ 27,454	\$ 143,397	\$ 272,126
Payroll taxes	9,949	1,880	2,801	14,630	24,075
Fringe benefits	14,901	1,993	3,555	20,449	39,949
Total compensation and benefits	<u>122,364</u>	<u>22,302</u>	<u>33,810</u>	<u>178,476</u>	<u>336,150</u>
Rent	180	1,594	626	2,400	4,800
Depreciation	16,512	-	-	16,512	36,638
Total occupancy costs	<u>16,692</u>	<u>1,594</u>	<u>626</u>	<u>18,912</u>	<u>41,438</u>
Transportation, travel and meals	15,890	-	-	15,890	34,234
Food purchases	14,583	-	-	14,583	20,273
Insurance	7,342	1,131	903	9,376	16,857
Total program expenses	<u>37,815</u>	<u>1,131</u>	<u>903</u>	<u>39,849</u>	<u>71,364</u>
Administrative and office	-	2,282	-	2,282	4,840
Consulting fees	-	-	-	-	12,178
Special event costs	-	-	468	468	10,991
Bank and credit card fees	-	-	1,915	1,915	3,340
Telephone and communications	3,758	-	-	3,758	4,982
Printing, postage and publications	-	5,631	4,672	10,303	13,885
Accounting and bookkeeping	3,696	4,775	1,041	9,512	16,888
Miscellaneous	606	421	-	1,027	2,520
Total other expenses	<u>8,060</u>	<u>13,109</u>	<u>8,096</u>	<u>29,265</u>	<u>69,624</u>
Total expenses	<u>\$ 184,932</u>	<u>\$ 38,136</u>	<u>\$ 43,435</u>	<u>\$ 266,502</u>	<u>\$ 518,576</u>

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

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND DECEMBER 31, 2013  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW 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 80 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 2014 or 2013.

Change of Fiscal Year and Comparative Financial Statements

To more closely align with its operating cycle and funding sources, the Board of Directors voted to change Food for Free's fiscal year end from December 31 to June 30. In October 2014, the Secretary of the Commonwealth of MA approved the change. The financial statements include certain 2013 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 December 31, 2013, from which the summarized information was derived.

Management's Review

In preparing the financial statements, management evaluated events and transactions for potential recognition or disclosure through November 20, 2014, the date the financial statements were available to be issued.

*(Continued)*



FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND DECEMBER 31, 2013  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. The amount exceeding federally insured limits at December 31, 2013 was \$41,120. No amounts exceeded federally insured limits at June 30, 2014.

Grants and Contributions Receivable

Grants and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management considers all grants and contributions at June 30, 2014 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

*(Continued)*

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND DECEMBER 31, 2013  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW 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, 2014, 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 six months ended June 30, 2014, over 586,000 pounds of food was distributed to local emergency food programs and individuals. For the year ended December 31, 2013, over 1,000,000 pounds of food was distributed. The 2014 and 2013 financial statements do not reflect the fair market value of in-kind food and related supplies received from donors as there was no objective basis available for valuation. Beginning in fiscal year 2015, Food For Free has adopted an in-kind revenue recognition policy for food and related supplies using a unit price per pound method.

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, 2014 or December 31, 2013.

*(Continued)*

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND DECEMBER 31, 2013  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW 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 2013, 2012 and 2011 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, 2014 and December 31, 2013 property and equipment consists of the following:

	2014	2013
Transportation vehicles	\$141,366	\$141,366
Equipment	55,326	53,176
Leasehold improvements	17,064	17,064
	213,756	211,606
Less accumulated depreciation	(93,476)	(76,964)
Net property and equipment	\$120,280	\$134,642

Depreciation expense was \$16,512 and \$36,638 for the six months ended June 30, 2014 and for the year ended December 31, 2013, respectively.

3. LINE OF CREDIT

At June 30, 2014, 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 2014 or 2013.

*(Continued)*

FOOD FOR FREE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND DECEMBER 31, 2013  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

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, 2014 and accrued vacation was estimated at \$4,025. At December 31, 2013, the estimated amounts were determined to be immaterial.

5. NET ASSETS

Board Designated Net Assets

The Board of Directors has designated assets for the following purposes as of June 30, 2014 and December 31, 2013:

	<u>2014</u>	<u>2013</u>
Strategic development initiatives	\$13,578	\$13,574
Operating contingencies	100,345	100,302
Capital replacement costs	50,770	50,770
	<u>\$164,693</u>	<u>\$164,646</u>

Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31, 2013:

	<u>2013</u>
Home delivery program	\$20,000

As of June 30, 2014, Food for Free expended all of the temporarily restricted net assets pursuant to the donor-imposed stipulations.

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 six months ended June 30, 2014 and for the year ended December 31, 2013 was \$2,400 and \$4,800, respectively.

7. RELATED PARTIES

Certain members of Food For Free's Board of Directors have executive positions with a community savings bank with whom Food For Free banks. Two of these individuals are corporators of the bank. One individual is a bank board member and another is a senior officer.