



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

**MARCH 31, 2020 and 2019**

# FOOD LINK, INC.

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Food Link, Inc.

We have audited the accompanying financial statements of Food Link, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of March 31, 2020, 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 Link, Inc. as of March 31, 2020, 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 Link, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "BJHC PC". The letters are bold and stylized, with some overlapping.

Topsfield, Massachusetts  
August 6, 2020

**FOOD LINK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2020 AND 2019**

<b>ASSETS</b>		<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$	40,263	\$ 72,668
Grants and unconditional promises to give, current portion		145,740	36,480
Accounts receivable, net		-	2,099
Inventory		3,089	2,918
Prepaid expenses		13,463	8,270
Total current assets		202,555	122,435
 <b>PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation</b>		1,661,251	1,360,263
 <b>OTHER ASSETS:</b>			
Cash - restricted for long-term use		247,055	120,785
Investment - restricted as to use		135,647	131,664
Grants and unconditional promises to give, long-term portion		-	25,000
Other		-	3,234
Total other assets		382,702	280,683
Total assets	\$	2,246,508	\$ 1,763,381
 <b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES:</b>			
Current portion long-term debt	\$	1,978	\$ 17,180
Accounts payable		64,757	14,142
Accrued expenses		96,380	96,124
Total current liabilities		163,115	127,446
 <b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>		841,479	842,643
<b>less unamortized debt issuance costs</b>		32,564	29,587
Total long-term debt		808,915	813,056
Total liabilities		972,030	940,502
 <b>NET ASSETS:</b>			
Without donor restrictions:			
Undesignated		448,415	476,810
Designated by the Board for operating reserve		135,000	130,000
Designated by the Board for capital purchases		10,001	10,001
Designated by the Board for building renovations		50,000	-
		643,416	616,811
With donor restrictions		631,062	206,068
Total net assets		1,274,478	822,879
Total liabilities and net assets	\$	2,246,508	\$ 1,763,381

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

**FOOD LINK, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED MARCH 31, 2020 and 2019**  
*(With comparative totals for 2019)*

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>OPERATING REVENUES AND SUPPORT:</b>				
Contributions	\$ 287,432	\$ -	\$ 287,432	\$ 263,167
Grants	197,071	-	197,071	70,500
In-kind revenues	1,221,229	-	1,221,229	1,049,928
Special events, net	9,595	-	9,595	19,757
Rental income	9,094	-	9,094	12,414
Program service fees	800	-	800	4,800
Investment income, net	5,443	-	5,443	2,887
Other income	170	-	170	440
Net assets released from restrictions	25,000	(25,000)	-	-
Total operating revenues and support	1,755,834	(25,000)	1,730,834	1,423,893
<b>PROGRAM AND SUPPORT SERVICES:</b>				
Program services	1,329,649	-	1,329,649	1,120,939
Management and general	162,874	-	162,874	98,797
Fundraising	197,541	-	197,541	114,146
Other supporting activity	39,165	-	39,165	85,222
Total program and support services	1,729,229	-	1,729,229	1,419,104
Change in net assets from operations	26,605	(25,000)	1,605	4,789
<b>NON-OPERATING ACTIVITIES:</b>				
Capital campaign contributions	-	449,994	449,994	502,405
Net assets released from restrictions	-	-	-	-
Total non-operating activities	-	449,994	449,994	502,405
Change in net assets	26,605	424,994	451,599	507,194
Net assets, beginning of year	616,811	206,068	822,879	315,685
Net assets, end of year	\$ 643,416	\$ 631,062	\$ 1,274,478	\$ 822,879

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

**FOOD LINK, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED MARCH 31, 2020 and 2019**

*(With comparative totals for 2019)*

	Program Services	Management and General	Fundraising	Other Supporting Activity	2020 Total	2019 Total
Salaries and wages	\$ 157,816	\$ 60,331	\$ 98,627	\$ 2,000	\$ 318,774	\$ 215,069
Payroll taxes	12,454	2,285	5,410	-	20,149	10,775
Fringe benefits and other	2,708	530	761	-	3,999	3,117
Total personnel costs	172,978	63,146	104,798	2,000	342,922	228,961
In-kind food rescue	1,080,721	-	-	-	1,080,721	933,896
Professional fees	7,037	31,975	68,021	27,188	134,221	87,487
Interest	-	44,461	-	5,156	49,617	19,092
Occupancy	33,368	14,504	2,025	4,821	54,718	103,940
Supplies and other	14,512	2,227	17,540	-	34,279	17,418
Insurance	-	2,925	-	-	2,925	2,142
Transportation	11,022	-	-	-	11,022	6,945
Technology	3,738	3,366	2,100	-	9,204	12,681
Telephone and communications	3,760	95	389	-	4,244	3,627
Bank and credit card fees	-	35	2,329	-	2,364	706
Travel and training	1,735	-	-	-	1,735	1,102
Payroll processing fees	780	139	338	-	1,257	1,107
Total program and support services	1,329,649	162,874	197,541	39,165	1,729,229	1,419,104
Items included within operating revenues and support:						
Special events costs	-	-	1,794	-	1,794	2,557
Investment fees	-	-	-	-	-	228
Total expenses	\$ 1,329,649	\$ 162,874	\$ 199,335	\$ 39,165	\$ 1,731,023	\$ 1,421,889

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

**FOOD LINK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets from operations	\$ 1,605	\$ 4,789
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
In-kind debt issuance costs	-	(10,018)
Depreciation	4,329	5,295
Accretion of debt issuance costs	2,023	758
Bad debt	1,564	1,757
Realized loss	-	168
Cash provided by (used in) changes in:		
Grants receivable	(84,260)	13,520
Accounts receivable	535	(981)
Inventory	(171)	(2,918)
Prepaid expenses	(5,193)	(3,452)
Other assets	3,234	(3,234)
Accounts payable	(5,835)	12,248
Accrued expenses	(9,816)	84,986
Deferred revenue	-	(9,569)
	<u>(91,985)</u>	<u>93,349</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to property and equipment	(238,795)	(1,342,441)
Purchase of investment	(3,983)	(130,000)
	<u>(242,778)</u>	<u>(1,472,441)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Capital campaign contributions	449,994	502,405
Proceeds of long-term debt	-	864,000
Payments of long-term debt	(16,366)	(4,177)
Purchase of debt issuance costs	(5,000)	(20,327)
	<u>428,628</u>	<u>1,341,901</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	93,865	(37,191)
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR</b>	<u>193,453</u>	<u>230,644</u>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR</b>	<u>\$ 287,318</u>	<u>\$ 193,453</u>
<b>Reconciliation to cash and cash equivalents and restricted cash on the Statements of Financial Position:</b>		
Cash and cash equivalents	\$ 40,263	\$ 72,668
Cash - restricted for long-term use	247,055	120,785
Cash and cash equivalents and restricted cash on the Statement of Cash Flows	<u>\$ 287,318</u>	<u>\$ 193,453</u>
<b><u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u></b>		
Cash paid during the years for -		
Interest	\$ 47,594	\$ 18,334

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



# FOOD LINK, INC.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

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### 1. BUSINESS ACTIVITY:

Food Link, Inc. (“Food Link”) is a non-profit organization founded in 2012 that delivers surplus, nutritious foods to social service programs serving low income individuals in the greater Boston, Massachusetts area. Food Link rescues high-quality fresh fruit, vegetables, meat, dairy, bread and prepared foods that would otherwise be wasted from local grocers, prepared food stores, public schools and warehouses and then delivers the nutritious food to social service agencies in communities serving people in need, including after school programs, programs for at-risk youth, low income housing facilities, homeless shelters, food pantries, and senior centers.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### Standards of Accounting and Reporting

Food Link follows standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' *Audit and Accounting Guide for Not-for-Profit Organizations*.

#### Net Assets

Food Link classifies net assets, revenues, gains and losses based on the existence or absence of donor or grantor-imposed restrictions. Consequently, net assets and changes therein are classified and reported as follows:

- i. Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated, from assets without donor restrictions, net assets for an operating reserve and for capital purchases.
- ii. Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some 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 that resources 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.

#### Revenue Recognition

Contributions are recorded as net assets without donor restrictions and net assets with donor restrictions depending on the existence and nature of any donor restrictions. Contributions are required to be recorded as receivables and revenues and Food Link is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction, until the restrictions expire, at which time net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

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# FOOD LINK, INC.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*:

##### Revenue Recognition *(continued)*

Food Link recognizes program services fees associated with additional services provided to a client.

Food Link reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

Food Link earned rental income in fiscal year 2020 from tenants occupying its building at 108 Summer Street as described in the Property and Equipment note disclosure. This activity comprises other supporting activities as reported in the Statement of Functional Expenses.

##### In-Kind Food Revenues

Food Link rescues thousands of pounds of fresh food and, on a daily basis, distributes it to social service agencies participating in the food rescue program. Food Link reports the fair value of contributions of donated food and grocery products as unrestricted public support and, shortly thereafter, as expense when distributed to local social service programs. During the years ended March 31, 2020 and 2019, Food Link distributed approximately 656,000 and 546,000 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 \$1.62 and \$1.68, respectively, during 2020 and 2019, was based upon a study performed by Feeding America. The dollar value of these pounds distributed is \$1,063,553 and \$917,996 (net of spoilage loss of \$17,168 and \$18,818 in 2020 and 2019, respectively) for the years ended March 31, 2020 and 2019, respectively, and is included within donated goods and services in the accompanying financial statements.

##### In-Kind Services

Food Link records donated professional services at the respective fair values of the services received. In addition, a number of individuals (including the Executive Director) volunteer their services to Food Link, (see Note 9). For those services not requiring special expertise, the estimated value of such donated services has not been recorded in the financial statements as they do not meet the recognition criteria prescribed by generally accepted accounting principles.

##### Statement of Functional Expenses

Management allocates expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. Other expenses that are common to several functions are allocated in accordance with Food Link's indirect cost allocation plan. Supporting services are those costs related to operating and managing Food Link's programs on a day-to-day basis.

The allocation of functional expenses is based on management's discretion, time studies and estimates. These variables may change from year to year. As a result, there may be a fluctuation in the comparative presentation of data from year to year.

*(Continued)*

**FOOD LINK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Use of Estimates

The presentation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Management's Review

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through August 6, 2020, the date the financial statements were available to be issued.

Comparative Financial Information

The 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 Link's financial statements for the year ended March 31, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents consist of money market accounts and short-term securities. For the purpose of presentation in the Statements of Cash Flows, Food Link considers liquid temporary investments with original maturities of 90 days or less to be cash equivalents.

Accounts Receivable, Net

Accounts receivable is comprised of program services and rental income and related receivables. Food Link uses the allowance method for recognizing allowances for doubtful accounts. Food Link's policy is to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management has recorded an allowance for doubtful accounts of \$3,242 and \$1,757, at March 31, 2020 and 2019, respectively.

Grants and Unconditional Promises to Give

Grants and unconditional promises to give are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. These amounts are considered fully collectible by management, and consequently, these financial statements do not contain a provision for uncollectible promises to give. Therefore, if promises to give become uncollectible, they will be charged as an expense when that determination is made.

Inventory

Inventory consists of rescued food that has not yet been distributed. Food Link values inventory using the average wholesale value of one pound of donated product at the national level, as determined by a study performed by Feeding America.

*(Continued)*

# FOOD LINK, INC.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*:

##### 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 \$5,000 are capitalized. Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Upon retirement or sale, the asset cost and related accumulated depreciation are removed from the accounts and any gain or loss is credited to or charged against income.

Depreciation of a transportation vehicle and the rental portion of the building is provided on a straight-line basis over 10 and 39 years, respectively.

During the year ended March 31, 2019, Food Link purchased a building and land in Arlington, Massachusetts for \$1,170,528, for its future operations and distribution center, administrative office and commercial rental offices. Building renovations began in the fall of 2019 with anticipated occupancy in 2020. Accrued expenses include relocation costs for the existing tenants of the newly acquired building. Included in construction in progress are design costs, acquisition costs and site development costs totaling \$477,230 (See Note 7).

##### Cash and Cash Equivalents – Restricted for Long-Term Use

Restricted cash represents capital campaign contributions and grant awards restricted for long-term property improvements.

##### Investments

Food Link has adopted generally accepted accounting principles in the United States of America and established a framework for measuring fair value and provided expanded disclosures about fair value measurements. Under generally accepted accounting principles in the United States of America, fair value refers to the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. In support of this principle, generally accepted accounting principles in the United States of America establishes a fair value hierarchy that prioritizes the information used to develop those assumptions.

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**FOOD LINK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Investments (continued)

Investments measured at fair value are classified and disclosed in one of the following categories:

**Level I:** Quoted prices are available in active markets for identical investments as of the reporting date.

**Level II:** Pricing inputs are other than quoted prices in active markets of comparable investments, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

**Level III:** Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment.

Certificates of deposit were classified as Level II and are valued based on original cost plus accrued interest, which approximates fair value. Management believes the estimated fair value to be a reasonable approximation of the exit price for these investments.

Purchases and sales of securities are recorded on a trade date basis. Investment income, primarily interest and dividends, is recorded when earned and considered available for unrestricted use unless otherwise restricted by the donor. Realized and unrealized gains and losses are determined on the basis of specific identification and recognized on a trade-date basis.

Debt Issuance Costs

Debt issuance costs are amortized over the terms of the mortgage loan using the straight-line method which was not materially different than the effective yield method required by accounting principles generally accepted in the United States of America.

Deferred Revenue

Food Link recognizes special event ticket revenue when earned. Deferred revenue represents advance ticket sales of fundraising events. There was no deferred revenue at March 31, 2020 and 2019.

Income Taxes

Food Link is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable Massachusetts state law. Food Link is not a private foundation and contributions are tax deductible. However, should Food Link have net unrelated business income it would be taxable.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Food Link and recognize a tax liability (or asset) if Food Link has taken an uncertain tax position that more likely than not would be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by Food Link, and has concluded that as of March 31, 2020 and 2019, there were no material uncertain tax positions to report.

No provision for unrelated business income taxes was provided for at March 31, 2020 and 2019. Tax filings may be subject to audit by tax authorities generally for three years after its filings were submitted.

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# FOOD LINK, INC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*:

#### Financial Instruments and Credit Risk

Food Link manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, Food Link has not experienced losses in any of these accounts. Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations, governmental agencies and donors supportive of Food Link's mission.

#### Advertising

Food Link expenses advertising costs as incurred.

### 3. LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 40,263
Grants receivable, current portion	145,740
Cash - restricted for operating reserve	135,000
	<u>\$ 321,003</u>

Food Link has available a \$5,000 line of credit for overdraft protection with a bank. The board-designated operating reserve (above) is subject to spending limitations and, although Food Link does not intend to spend from this reserve for general expenditures, these amounts could be made available, if necessary.

Food Link also obtained a SBA Paycheck Protection Program loan in April 2020 through the CARES Act totaling approximately \$45,000.

### 4. GRANTS RECEIVABLE:

Grants receivable are expected to be collected as follows at March 31, 2020 and 2019:

	2020	2019
Within one year	\$ 137,383	25,000
In one to five years	-	25,000
Total grants receivable	<u>\$ 137,383</u>	<u>\$ 50,000</u>

At March 31, 2020, the discounted net present value of long-term grants receivable approximates the realizable value.

*(Continued)*

**FOOD LINK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

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**5. INVESTMENTS:**

Investments consist of a certificate of deposit with a cost and market value of \$135,647 and \$131,664 at March 31, 2020 and 2019, respectively. Fair value measurement was determined using Level II inputs.

The certificate of deposit has a maturity date of approximately one-year and is insured by the Federal Deposit Insurance Corporation, (FDIC). Interest income for the years ended March 31, 2020 and 2019 was \$3,983 and \$1,664, respectively. There were no investment fees.

**6. PROPERTY AND EQUIPMENT:**

Net property and equipment consists of the following at March 31, 2020 and 2019:

	2020	2019
Land	\$ 700,565	\$ 700,565
Building	469,963	469,963
Construction in progress	477,230	171,913
Transportation vehicle	29,828	29,828
	<u>1,677,586</u>	<u>1,372,269</u>
Less accumulated depreciation	(16,335)	(12,006)
Net property and equipment	<u>\$ 1,661,251</u>	<u>\$ 1,360,263</u>

On November 13, 2018, Food Link purchased two (2) adjoining parcels of land and a building located in, Arlington, Massachusetts for its future operations and distribution center, administrative offices and certain commercial rental offices. Building renovations began in the fall of 2019 with anticipated occupancy in 2020. During fiscal years 2020 and 2019, Food Link expended funds for acquisition costs as well as site development which are recorded in construction in progress. The acquired building had two existing tenants that relocated during fiscal year 2020.

Depreciation expense was \$4,329 and \$2,983 for the years ended March 31, 2020 and 2019.

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**FOOD LINK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

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**7. LONG-TERM DEBT:**

Long-term debt consists of the following:

	<u>2020</u>	<u>2019</u>
Mortgage note payable to a bank, due in monthly payments of \$5,347 including interest at 5.5%, through June, 2020*, secured by real estate, paid in full on June 19, 2020	\$ 843,457	859,823
Less unamortized debt issuance costs	<u>32,564</u>	<u>29,587</u>
	810,893	830,236
Less current portion*	<u>1,978</u>	<u>17,180</u>
 *see below	 <u>\$ 808,915</u>	 <u>\$ 813,056</u>

On June 19, 2020, Food Link entered into a \$2,520,000 promissory note with a bank. Proceeds of the note were used to repay the existing mortgage note (\$841,479) (above) with the remainder (\$1,678,521) withheld for construction costs of the building. The note bears interest at the bank's prime lending rate plus 1%, with a floor of 4.5%. Interest only on the outstanding principal balance is payable monthly in arrears beginning August 1, 2020 to and including January 1, 2022.

The promissory note agreement contains restrictive loan covenants that Food Link must be in compliance with annually.

**8. NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with restrictions are restricted as to use by donor, grant terms or time and consist of:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Capital purchases	\$ 606,062	\$ 156,068
Subject to the passage of time:		
Food rescue program	<u>25,000</u>	<u>50,000</u>
	<u>\$ 631,062</u>	<u>\$ 206,068</u>

*(Continued)*



# FOOD LINK, INC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

### 8. NET ASSETS WITH DONOR RESTRICTIONS *(continued)*:

Net assets are released from restrictions when expenses incurred satisfied the restricted purpose or when time has elapsed. Net assets were released as follows:

	2020	2019
Capital purchases	\$ -	\$ 414,851
Food rescue program	25,000	25,000
	<u>\$ 25,000</u>	<u>\$ 439,851</u>

### 9. IN-KIND REVENUES:

In-kind revenues are comprised of the following:

	2020				
	Program Services	Management and General	Fundraising	Other Supporting Activity	Total
Rescued food	\$ 1,080,721	\$ -	\$ -	\$ -	\$ 1,080,721
Compensation	22,000	36,000	40,000	2,000	100,000
Legal services	6,612	6,708	-	27,188	40,508
	<u>\$ 1,109,333</u>	<u>\$ 42,708</u>	<u>\$ 40,000</u>	<u>\$ 29,188</u>	<u>\$ 1,221,229</u>

  

	2019				
	Program Services	Management and General	Fundraising	Other Supporting Activity	Total
Rescued food	\$ 936,814	\$ -	\$ -	\$ -	\$ 936,814
Compensation	22,000	36,000	40,000	2,000	100,000
Legal services	9,372	-	-	3,742	13,114
	<u>\$ 968,186</u>	<u>\$ 36,000</u>	<u>\$ 40,000</u>	<u>\$ 5,742</u>	<u>\$ 1,049,928</u>

Capitalized legal services relating to the building acquisition totaled \$87,851 for the year ended March 31, 2019.

*(Continued)*

# FOOD LINK, INC.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

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#### 10. LEASE:

Food Link leases office space on a month to month basis for a monthly rental of \$450. Food Link is responsible for insurance. Food Link also shared and leased its operational space on a month-to-month basis at a monthly rental of \$1,000 through May 31, 2019. Beginning July 25, 2019, Food Link entered into a lease through March 1, 2020 for a monthly rental of \$2,000. On expiration, Food Link entered into a three-month lease from March 1, 2020 through May 31, 2020 at a monthly rental of \$1,800. Expected future lease payments for the year ended March 31, 2020 total \$3,600. Food Link also leased a parking lot starting in November 2019 and pays \$500 a month.

#### 11. FUNDRAISING EVENTS:

Food Link sponsored a Rescue to Table special event to generate contributions as well as to gain public awareness of its program and for charitable purpose. Contributions from the fundraising event are reported on the Statement of Activities net of the direct costs of the event, while indirect costs and the costs with direct mail campaigns and annual appeal letters are reported as fundraising expenses in the Statements of Functional Expenses. Rescue to Table had gross proceeds \$11,389 and \$22,314 with corresponding direct costs of \$1,794 and \$2,557; resulting in net event revenue of \$9,595 and \$19,757, respectively for the years ended March 31, 2020 and 2019.

#### 12. OTHER SUPPORTING ACTIVITY:

Food Link rented a portion of its new facility to two existing tenants as they make plans to relocate. The costs associated with the rental activity have been functionally recorded as an “Other Supporting Activity” in the Statement of Functional Expenses.

#### 13. RETIREMENT PLAN

Food Link adopted a SIMPLE (Savings Incentive Match Plan for Employees) retirement plan under section 408(p) of the Internal Revenue Code to all eligible employees. The plan is being implemented subsequent to the fiscal year ended March 31, 2020 and all contributions to the plan will be fully vested and non-forfeitable.

#### 14. SUBSEQUENT EVENTS:

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple businesses and organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closing. Management does not expect this matter to impact its short-term operating results. However, longer term financial impacts (if any) and duration of the outbreak cannot be reasonably estimated at this time.

Food Link obtained a SBA Paycheck Protection Program loan in April 2020 through the CARES Act totaling approximately \$45,000. Principal may be forgiven to the extent used in accordance with the provisions of the loan program. Commencing November, 2020, principal amounts outstanding (unforgiven, if any) will be due in monthly installments of principal and interest at 1% through October, 2022.

*(Continued)*

**FOOD LINK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

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**15. RECLASSIFICATIONS:**

Certain amounts in the 2019 comparative financial statements have been reclassified to conform with the 2020 presentation.