



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

MARCH 31, 2019 and 2018

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, 2019, 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, 2019, 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.



Other Matter

The 2018 financial statements were reviewed by us and our report thereon, dated August 2, 2018, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

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

Topsfield, Massachusetts
August 2, 2019

FOOD LINK, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2019 AND 2018

ASSETS		2019	2018
CURRENT ASSETS:			
Cash and cash equivalents		\$ 72,668	\$ 134,583
Grants and unconditional promises to give, current portion		36,480	25,000
Accounts receivable, net		2,099	2,875
Inventory		2,918	-
Prepaid expenses		8,270	4,818
Total current assets		122,435	167,276
PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation		1,360,263	23,117
OTHER ASSETS:			
Cash - restricted for long-term use		120,785	96,061
Investment - restricted as to use		131,664	-
Grants and unconditional promises to give, long-term portion		25,000	50,000
Other		3,234	-
Total other assets		280,683	146,061
Total assets		\$ 1,763,381	\$ 336,454
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Current portion long-term debt		\$ 17,180	\$ -
Accounts payable		14,142	1,894
Accrued expenses		96,124	9,306
Deferred revenue		-	9,569
Total current liabilities		127,446	20,769
LONG-TERM DEBT, NET OF CURRENT PORTION		842,643	-
less unamortized debt issuance costs		29,587	-
Total long-term debt		813,056	-
Total liabilities		940,502	20,769
NET ASSETS:			
Without donor restrictions:			
Undesignated		476,810	61,787
Designated by the Board for operating reserve		130,000	100,383
Designated by the Board for capital purchases		10,001	10,001
		616,811	172,171
With donor restrictions		206,068	143,514
Total net assets		822,879	315,685
Total liabilities and net assets		\$ 1,763,381	\$ 336,454

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

FOOD LINK, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2019 and 2018
(With comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
OPERATING REVENUES AND SUPPORT:				
Contributions	\$ 263,167	\$ -	\$ 263,167	\$ 117,777
Grants	70,500	-	70,500	139,500
In-kind revenues	1,049,928	-	1,049,928	921,905
Special events, net	19,757	-	19,757	13,688
Other supporting activities	12,414	-	12,414	-
Program service fees	4,800	-	4,800	4,800
Investment income, net	2,887	-	2,887	738
Other income	440	-	440	103
Net assets released from restrictions	25,000	(25,000)	-	-
 Total operating revenues and support	 1,448,893	 (25,000)	 1,423,893	 1,198,511
PROGRAM AND SUPPORT SERVICES:				
Program services	1,120,939	-	1,120,939	968,676
Management and general	98,797	-	98,797	61,995
Fundraising	114,146	-	114,146	69,041
Other supporting activities	85,222	-	85,222	-
 Total program and support services	 1,419,104	 -	 1,419,104	 1,099,712
 Change in net assets from operations	 29,789	 (25,000)	 4,789	 98,799
NON-OPERATING ACTIVITIES:				
Capital campaign contributions	-	502,405	502,405	68,500
Net assets released from restrictions, non-operating	414,851	(414,851)	-	-
 Total non-operating activities	 414,851	 87,554	 502,405	 68,500
 Change in net assets	 444,640	 62,554	 507,194	 167,299
Net assets, beginning of year	172,171	143,514	315,685	148,386
Net assets, end of year	\$ 616,811	\$ 206,068	\$ 822,879	\$ 315,685

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

FOOD LINK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED MARCH 31, 2019 and 2018

(With comparative totals for 2018)

	Program Services	Management and General	Fundraising	Other Supporting Activity	2019 Total	2018 Total
Salaries and wages	\$ 123,644	\$ 37,925	\$ 51,500	\$ 2,000	\$ 215,069	\$ 197,845
Payroll taxes	9,377	202	1,196	-	10,775	8,916
Fringe benefits and other	2,585	73	459	-	3,117	5,939
Total personnel costs	135,606	38,200	53,155	2,000	228,961	212,700
In-kind food rescue	933,896	-	-	-	933,896	804,625
Occupancy	15,495	6,347	990	78,666	101,498	9,570
Professional fees	4,361	28,837	50,547	3,742	87,487	41,580
Interest	-	19,092	-	-	19,092	-
Supplies and other	10,232	1,254	5,932	-	17,418	12,151
Technology	9,177	1,114	2,390	-	12,681	4,689
Transportation	6,945	-	-	-	6,945	8,404
Insurance	-	3,770	-	814	4,584	1,439
Telephone and communications	3,147	128	352	-	3,627	1,985
Accounting and bookkeeping	978	19	110	-	1,107	1,100
Travel and training	1,102	-	-	-	1,102	775
Bank and credit card fees	-	36	670	-	706	694
Total program and support services	1,120,939	98,797	114,146	85,222	1,419,104	1,099,712
Items included within operating revenues and support:						
Special events costs	-	-	2,557	-	2,557	1,895
Investment fees	-	228	-	-	228	-
Total expenses	\$ 1,120,939	\$ 99,025	\$ 116,703	\$ 85,222	\$ 1,421,889	\$ 1,101,607

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

FOOD LINK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,789	\$ 98,799
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
In-kind debt issuance costs	(10,018)	-
Depreciation	5,295	2,982
Accretion of debt issuance costs	758	-
Bad debt	1,757	-
Realized loss	168	-
Cash provided by (used in) changes in:		
Grants receivable	13,520	(75,000)
Accounts receivable	(981)	(775)
Inventory	(2,918)	-
Prepaid expenses	(3,452)	(943)
Other assets	(3,234)	-
Accounts payable	12,248	1,894
Accrued expenses	84,986	4,756
Deferred revenue	(9,569)	9,569
NET CASH PROVIDED BY OPERATING ACTIVITIES	93,349	41,282
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(1,342,441)	-
Purchase of investment	(130,000)	-
NET CASH USED IN INVESTING ACTIVITIES	(1,472,441)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Non-operating capital campaign contributions	502,405	68,500
Proceeds of long-term debt	864,000	-
Payments of long-term debt	(4,177)	-
Purchase of debt issuance costs	(20,327)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,341,901	68,500
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(37,191)	109,782
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	230,644	120,862
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 193,453	\$ 230,644
Reconciliation to cash and cash equivalents and restricted cash on the Statement of Financial Position:		
Cash and cash equivalents	\$ 72,668	\$ 134,583
Cash - restricted for long-term use	120,785	96,061
Cash and cash equivalents and restricted cash on the Statement of Cash Flows	<u>\$ 193,453</u>	<u>\$ 230,644</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the years for -		
Interest	\$ 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, 2019 AND 2018

1. BUSINESS ACTIVITY:

Food Link, Inc. is a non-profit organization founded in 2012 that delivers surplus, nutritious foods to social service programs serving low income individuals in the Arlington, Massachusetts area. Food Link, Inc. rescues high-quality fresh fruit, vegetables, meat, dairy, bread and prepared foods that would otherwise be wasted from nineteen (19) local grocery and prepared food stores, and then delivers the nutritious food to over thirty (30) social service agencies in eleven (11) 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, Inc. 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, Inc. 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) 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, Inc. 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.

(Continued)

FOOD LINK, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

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

Revenue Recognition (Continued)

Food Link, Inc. recognizes program services fees associated with food pantry related services provided to a client.

Food Link, Inc. 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, Inc. earned rental income in fiscal year 2019 from tenants occupying its newly acquired building 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 Contributions

Food Link, Inc. rescues thousands of pounds of food and grocery products and, on a daily basis, distributes it to local emergency food initiatives participating in the food rescue program. Food Link, Inc. 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 emergency food initiatives. During the years ended March 31, 2019 and 2018, Food Link, Inc. distributed approximately 548,000 and 466,000 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 \$1.68 and \$1.73, respectively, during 2019 and 2018, was based upon a study performed by Feeding America. The dollar value of these pounds distributed is \$917,996 and \$805,315 for the years ended March 31, 2019 and 2018, respectively, and is included within donated goods and services in the accompanying financial statements.

In-Kind Services

Food Link, Inc. 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, Inc. For those services that do not require 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

Food Link, Inc. 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, Inc.'s indirect cost allocation plan. Supporting services are those costs related to operating and managing Food Link, Inc.'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, 2019 AND 2018

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 2, 2019, the date the financial statements were available to be issued.

Implementation of Recent Accounting Pronouncement

During the year ended March 31, 2018, Food Link, Inc. implemented ASU 2016-14, Financial Statements of Not-for-Profit Entities. Accordingly, the beginning balances of the donor restricted net asset category (temporarily restricted) have been retroactively restated into the classification, with donor restrictions. The ASU requires additional disclosures in the areas of liquidity and endowment funds, modifies the direct method presentation of the Statement of Cash Flows, and requires reclassification of investment expenses which are netted in investment return to also include internal investment expenses.

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, Inc.'s financial statements for the year ended March 31, 2018, 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, Inc. 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, Inc. uses the allowance method for recognizing allowances for doubtful accounts. Food Link, Inc.'s policy is to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of March 31, 2019, management provided an allowance for doubtful accounts of \$1,757. There was no allowance for doubtful accounts at March 31, 2018.

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.

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FOOD LINK, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

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

Inventory

Inventory consists of donated food that has not been distributed as of March 31, 2019. Food Link, Inc. values inventory using the approximate average wholesale value of one pound of donated product at the national level.

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 transportation vehicles 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, Inc. purchased a building and land in Arlington, Massachusetts for \$1,000,434 and \$169,566, respectively, to house its future operations and distribution center, administrative office and commercial rental offices. Building renovations are to begin in the fall of 2019 with anticipated occupancy in the spring of 2020. Accrued expenses include relocation costs for the existing tenants of the newly acquired building. Included in construction in progress is building costs of \$469,963 and various acquisition costs and site development costs totaling \$171,913. (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, Inc. 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.

(Continued)

FOOD LINK, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

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 were 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, Inc. recognizes revenue when earned. As of March 31, 2018, deferred revenue represented prepayments for ticket sales of fundraising events. There was no deferred revenue at March 31, 2019.

Income Taxes

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

Accounting principles generally accepted in the United States of America require Food Link, Inc.'s management to evaluate tax positions taken by Food Link, Inc. and recognize a tax liability (or asset) if Food Link, Inc. 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, Inc., and has concluded that as of March 31, 2019 and 2018, there were no material uncertain tax positions to report.

No provision for unrelated business income taxes was provided for at March 31, 2019 and 2018. Food Link, Inc. may be subject to audit by tax authorities generally for three years after its filings were submitted. Information returns filed for the years ended 2018, 2017 and 2016 remain subject to examination by the Internal Revenue Service and the state of Massachusetts.

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FOOD LINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Financial Instruments and Credit Risk

Food Link, Inc. 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, Inc. 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, Inc.'s mission.

Advertising

Food Link, Inc. 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 balance sheet date, comprise the following:

Cash and cash equivalents	\$ 72,668
Grants receivable, current portion	36,480
Accounts receivable	2,099
Cash - restricted for operating reserve	<u>130,000</u>
	<u>\$ 241,247</u>

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

4. CERTIFICATES OF DEPOSIT:

As of March 31, 2018, certificates of deposit totaling \$82,837 were included in cash and cash equivalents in the accompanying financial statements. The certificates bore interest ranging from 1.24%-1.49% and had maturities ranging from three months to ten months, with penalties for early withdrawal. Penalties for early withdrawal would not have had a material effect on the financial statements.

5. GRANTS RECEIVABLE:

Grants receivable are expected to be collected as follows at March 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Within one year	\$ 25,000	25,000
In one to five years	25,000	50,000
Total grants receivable	<u>\$ 50,000</u>	<u>\$ 75,000</u>

At March 31, 2019, the discounted net present value of long-term grants receivable approximates the realizable value.

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FOOD LINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

6. INVESTMENTS:

As of March 31, 2019, investments consisted of a certificate of deposit with a cost and market value of \$131,664. Fair value measurement was determined using Level II inputs at a value of \$131,664.

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 year ended March 31, 2019 is \$1,664. There were no investment fees for fiscal year 2019.

7. PROPERTY AND EQUIPMENT:

Net property and equipment consists of the following at March 31, 2019 and 2018:

	2019	2018
Land	\$ 700,565	\$ -
Building	469,963	-
Construction in progress	171,913	-
Transportation vehicle	29,828	29,828
Less accumulated depreciation	<u>(12,006)</u>	<u>(6,711)</u>
Net property and equipment	<u>\$ 1,360,263</u>	<u>\$ 23,117</u>

On November 13, 2018, Food Link, Inc. 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 are to begin in the fall of 2019 with anticipated occupancy in the spring of 2020. During fiscal year 2019, Food Link, Inc. expended funds for acquisition costs as well as site development which are recorded in construction in process. The acquired building had two existing tenants that are in the process of being relocated. Depreciation of the building associated with the tenants space was \$2,312 for the year ended March 31, 2019.

Depreciation expense was \$5,295 and \$2,983 for the years ended March 31, 2019 and 2018.

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FOOD LINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

8. LONG-TERM DEBT:

At March 31, 2019, long-term debt consists of:

	<u>2019</u>
Mortgage note payable to a bank, due in monthly payments of \$5,347 including interest at 5.5%, through December, 2033, secured by real estate	\$ 859,823
Less unamortized debt issuance costs	<u>29,587</u>
	830,236
Less current portion	<u>17,180</u>
	<u><u>\$ 813,056</u></u>

At March 31, 2019, the annual aggregate principal payments on long-term debt are payable as follows:

March, 2020	17,180
2021	18,276
2022	19,307
2023	20,396
2024	21,430
Thereafter	763,234

The long-term debt agreement contains loan covenants that Food Link, Inc. must be in compliance with annually.

9. DESIGNATION AND RESTRICTIONS OF NET ASSETS:

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

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Capital purchases	\$ 156,068	\$ 68,514
Subject to the passage of time:		
Food rescue program grant	<u>50,000</u>	<u>75,000</u>
	<u><u>\$ 206,068</u></u>	<u><u>\$ 143,514</u></u>

(Continued)

FOOD LINK, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

9. DESIGNATION AND RESTRICTIONS OF NET ASSETS *(continued)*:

Net assets released from restrictions when expenses incurred satisfied the restricted purpose. Purpose restrictions are as follows:

	2019	2018
Capital purchases	\$ 414,851	\$ -
Food rescue program grant	25,000	67,000
	<u>\$ 439,851</u>	<u>\$ 67,000</u>

10. IN-KIND GOODS AND SERVICES:

In-kind goods and services were received as follows:

	2019				
	Program Services	Management and General	Fundraising	Other Supporting Activity	Total
Donated 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>

	2018				
	Program Services	Management and General	Fundraising	Other Supporting Activity	Total
Donated food	\$804,625	\$ -	\$ -	\$ -	\$ 804,625
Compensation	22,000	38,000	40,000	-	100,000
Legal services	13,280	-	-	-	13,280
Accounting services	-	1,000	-	-	1,000
Rent	3,000	-	-	-	3,000
	<u>\$842,905</u>	<u>\$ 39,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 921,905</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, 2019 AND 2018

11. LEASE:

Beginning March 22, 2018, Food Link, Inc. leases office space through July 31, 2019, at a monthly rent of \$450; thereafter, the lease reverts to a month to month lease. Food Link, Inc. is responsible for insurance. The aggregate future minimum rents under this lease through July 31, 2019 are \$1,800. Food Link, Inc. 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, Inc. entered into a lease through January 15, 2020 for a monthly rental of \$2,000. Future monthly rental totals \$11,387.

12. 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 is reported on the Statement of Activities net of the direct costs of the events, 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 gross proceeds \$22,314 and \$15,583 with corresponding direct costs of \$2,557 and \$1,895 resulted in net event revenue of \$19,757 and \$13,688, respectively for the years ended March 31, 2019 and 2018.

13. SUBSEQUENT EVENT:

Subsequent to March 31, 2019, Food Link, Inc. was awarded a Community Development Block Grant, in the amount of \$155,000 for the site development of its newly acquired headquarters in Arlington, Massachusetts.

14. RECLASSIFICATION:

Certain amounts in the 2018 comparative financial statements have been reclassified to conform with the 2019 presentation.