



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

**MARCH 31, 2018**

# FOOD LINK, INC.

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Food Link, Inc.

### **Report on Financial Statements**

We have reviewed the accompanying financial statements of Food Link, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of March 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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'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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

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 accordance with accounting principles generally accepted in the United States of America.

*BJHC PC*

Topsfield, Massachusetts  
August 2, 2018



**FOOD LINK, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2018**  
**(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)**

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**CURRENT ASSETS:**

Cash and cash equivalents	\$ 51,746
Grants receivable, current portion	25,000
Accounts receivable	2,875
Prepaid expenses	4,818
Total current assets	<u>84,439</u>

<b>FIXED ASSETS</b> , at cost, net of accumulated depreciation	<u>23,117</u>
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**OTHER ASSETS:**

Cash - restricted for long-term use	178,898
Grants receivable, long-term portion	50,000
Total other assets	<u>228,898</u>

Total assets	<u><u>\$ 336,454</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable	\$ 1,894
Accrued expenses	9,306
Deferred revenue	9,569
Total current liabilities	<u>20,769</u>

**NET ASSETS:**

Without donor restrictions:	
Undesignated	61,787
Designated by the Board for operating reserve	100,383
Designated by the Board for capital purchases	10,001
	<u>172,171</u>

With donor restrictions	<u>143,514</u>
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Total net assets	<u>315,685</u>
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Total liabilities and net assets	<u><u>\$ 336,454</u></u>
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*The accompanying notes are an integral part of these financial statements.*

**FOOD LINK, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
**(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING REVENUES AND SUPPORT:</b>			
Contributions	\$ 117,777	\$ -	\$ 117,777
Grants	-	139,500	139,500
In-kind contributions	17,280	-	17,280
Special events	15,583	-	15,583
Program service fees	4,800	-	4,800
Investment income	724	14	738
Other income	103	-	103
Net assets released from restrictions	67,000	(67,000)	-
	<u>223,267</u>	<u>72,514</u>	<u>295,781</u>
<b>PROGRAM AND SUPPORT SERVICES:</b>			
Program services	142,051	-	142,051
Management and general	23,995	-	23,995
Fundraising	30,936	-	30,936
	<u>196,982</u>	<u>-</u>	<u>196,982</u>
Change in net assets from operations	26,285	72,514	98,799
<b>NON-OPERATING REVENUES:</b>			
Capital campaign contributions	-	68,500	68,500
Change in net assets	26,285	141,014	167,299
Net assets, beginning of year	<u>145,886</u>	<u>2,500</u>	<u>148,386</u>
Net assets, end of year	<u>\$ 172,171</u>	<u>\$ 143,514</u>	<u>\$ 315,685</u>

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

**FOOD LINK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
**(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 78,213	\$ 6,846	\$ 12,786	\$ 97,845
Payroll taxes	7,126	625	1,165	8,916
Fringe benefits and other	4,747	416	776	5,939
Total personnel costs	90,086	7,887	14,727	112,700
Professional fees	19,465	11,599	10,516	41,580
Supplies and other	7,629	2,089	2,433	12,151
Occupancy	9,399	57	114	9,570
Transportation	8,404	-	-	8,404
Technology	3,693	577	419	4,689
Telephone and communications	1,985	-	-	1,985
Fundraising and events	-	-	1,895	1,895
Insurance	-	1,439	-	1,439
Accounting and bookkeeping	890	72	138	1,100
Travel and training	500	275	-	775
Bank and credit card fees	-	-	694	694
Total expenses	\$ 142,051	\$ 23,995	\$ 30,936	\$ 196,982

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

**FOOD LINK, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
**(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 98,799
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,982
Cash provided by (used in) changes in:	
Grants receivable	(75,000)
Accounts receivable	(775)
Prepaid expenses	(943)
Accounts payable	1,894
Accrued expenses	4,756
Deferred revenue	9,569

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 41,282

**CASH FLOWS FROM FINANCING ACTIVITIES -**

Capital campaign contributions	<u>68,500</u>
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**NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH** 109,782

**CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR** 120,862

**CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR** \$ 230,644

**Reconciliation to cash and cash equivalents and restricted cash on the Statement of Financial Position:**

Cash and cash equivalents	\$ 51,746
Cash - restricted for long-term use	178,898
Cash and cash equivalents and restricted cash on the Statement of Cash Flows	<u><u>\$ 230,644</u></u>

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

# FOOD LINK, INC.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

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### 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:

#### a. 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*.

#### b. Financial Statement Presentation

Food Link, Inc. reports information regarding its financial position and activities according to the following classes of net assets:

- 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.

#### c. 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.

#### d. Cash Equivalents

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.

#### e. Restricted and Unrestricted Revenue and Support

Grants and contributions received are recorded as unrestricted or restricted support depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires, donor-restricted net assets are reclassified to net assets without restrictions and reported in the Statement of Activities as net assets released from restrictions.

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**FOOD LINK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
**(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)**

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

f. 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. The wholesale value of these products has not been recorded in the accompanying Statement of Activities as the total number of pounds is estimated.

g. 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.

h. Fixed Assets

Fixed assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Purchases of fixed assets 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. Depreciation of transportation vehicles is provided on a straight-line basis over ten (10) years.

i. 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.

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 Link, Inc. 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. Examples of tax positions include the tax-exempt status of Food Link, Inc. and various positions related to the potential sources of unrelated business taxable income. 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 at March 31, 2018.

Food Link, Inc. files its Form 990 in the U.S. federal jurisdiction and the office of the Massachusetts' Attorney General. Tax filings are subject to review generally for 3 years after they were filed.

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**FOOD LINK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
**(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)**

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

j. 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 Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

k. Recent Accounting Guidance

During the year ended March 31, 2018, Food Link, Inc. implemented ASU 2016-4, *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 include internal investment expenses.

l. 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.

m. Management's Review

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through August 2, 2018, the date the financial statements were available to be issued.

**3. CERTIFICATES OF DEPOSIT:**

Certificates of deposit totaling \$82,837 are included in cash restricted for long-term use in the accompanying financial statements. The certificates bear interest ranging from 1.24%-1.49% and have maturities ranging from three months to ten months, with penalties for early withdrawal. Penalties for early withdrawal would not have a material effect on the financial statements.

**4. GRANTS RECEIVABLE:**

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

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

At March 31, 2018, 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 YEAR ENDED MARCH 31, 2018**  
**(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)**

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**5. FIXED ASSETS:**

Net fixed assets consist of the following at March 31, 2018:

Transportation vehicle	\$ 29,828
Less accumulated depreciation	<u>(6,711)</u>
Net fixed assets	<u><u>\$ 23,117</u></u>

Depreciation expense was \$2,982 for the year ended March 31, 2018.

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

Net assets with donor restrictions are restricted for the following purposes or periods:

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

**7. IN-KIND RENT AND PROFESSIONAL SERVICES:**

In-kind rent and professional services were received as follows during the year ended March 31, 2018:

	Program Services	Management and General	Total
Legal services	\$ 13,280	\$ -	\$ 13,280
Accounting services	-	1,000	1,000
Rent	3,000	-	3,000
	<u>\$ 16,280</u>	<u>\$ 1,000</u>	<u>\$ 17,280</u>

**8. LEASE:**

Beginning March 22, 2018, Food Link, Inc. leases office space through September 30, 2018, at a monthly rent of \$450. Food Link, Inc. is responsible for insurance. The aggregate future minimum rents under this lease are \$2,700.

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# FOOD LINK, INC.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

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### 9. 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	\$ 51,746
Grants receivable, current portion	25,000
Accounts receivable	2,875
Cash - restricted for operating reserve	100,383
	<u>\$ 180,004</u>

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.

### 10. FUNCTIONAL EXPENSES:

The Statement of Functional Expenses reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, occupancy and certain professional services, which are allocated on the basis of estimates of time and effort, and utilized square footage of space.

### 11. SUBSEQUENT EVENT:

On July 26, 2018, Food Link, Inc. signed a purchase and sale agreement for the purchase of two (2) adjoining parcels of land and a building located in, Arlington, Massachusetts. The property will be used as Food Link, Inc.'s headquarters. The purchase price will be paid with a Community Development Block Grant, capital campaign funds and the balance (approximately 75%) in commercial bank financing.