

FOOD FOR OTHERS, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

**FOOD FOR OTHERS, INC.
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YEARS ENDED JUNE 30, 2011 AND 2010**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Food for Others, Inc.
Fairfax, Virginia

We have audited the accompanying statements of financial position of the Food for Others, Inc. (the "Organization") as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food for Others, Inc. as of June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

LarsonAllen LLP
LarsonAllen LLP

Arlington, Virginia
October 13, 2011

FOOD FOR OTHERS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 328,206	\$ 599,630
Contributions Receivable	127,058	118,586
Inventory - Food	168,663	102,810
Prepaid Expenses	13,216	13,581
Total Current Assets	637,143	834,607
INVESTMENTS	933,119	388,282
PROPERTY AND EQUIPMENT		
Furniture and Equipment	152,156	167,520
Vehicles	118,273	118,273
Less: Accumulated Depreciation	(102,315)	(86,282)
Net Property and Equipment	168,114	199,511
Total Assets	\$ 1,738,376	\$ 1,422,400
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 38,289	\$ 43,437
NET ASSETS		
Unrestricted	1,567,185	1,258,176
Temporarily Restricted	132,902	120,787
Total Net Assets	1,700,087	1,378,963
Total Liabilities and Net Assets	\$ 1,738,376	\$ 1,422,400

See accompanying Notes to Financial Statements.

FOOD FOR OTHERS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND OTHER REVENUE						
Donated Goods, Services, Utilities, and Facilities	\$ 4,423,302	\$ -	\$ 4,423,302	\$ 4,009,553	\$ -	\$ 4,009,553
Contributions	642,261	138,918	781,179	545,692	260,590	806,282
Government Contracts for Services	161,551	-	161,551	161,551	-	161,551
Special Events, Net of Direct Expenses of \$17,084 and \$14,964	39,877	-	39,877	46,037	-	46,037
Other Income	576	-	576	1,716	-	1,716
Investment Income	11,407	-	11,407	6,312	-	6,312
Net Assets Released from Restrictions						
Released from Purpose Restrictions	-	-	-	122,710	(122,710)	-
Released from Time Restrictions	126,803	(126,803)	-	129,629	(129,629)	-
Total Revenue	<u>5,405,777</u>	<u>12,115</u>	<u>5,417,892</u>	<u>5,023,200</u>	<u>8,251</u>	<u>5,031,451</u>
EXPENSES						
Program Services	4,838,664	-	4,838,664	4,452,678	-	4,452,678
Management and General	169,982	-	169,982	151,071	-	151,071
Fundraising	88,122	-	88,122	118,119	-	118,119
Total Expenses	<u>5,096,768</u>	<u>-</u>	<u>5,096,768</u>	<u>4,721,868</u>	<u>-</u>	<u>4,721,868</u>
CHANGE IN NET ASSETS	309,009	12,115	321,124	301,332	8,251	309,583
NET ASSETS - BEGINNING OF YEAR	<u>1,258,176</u>	<u>120,787</u>	<u>1,378,963</u>	<u>956,844</u>	<u>112,536</u>	<u>1,069,380</u>
NET ASSETS - END OF YEAR	<u>\$ 1,567,185</u>	<u>\$ 132,902</u>	<u>\$ 1,700,087</u>	<u>\$ 1,258,176</u>	<u>\$ 120,787</u>	<u>\$ 1,378,963</u>

See accompanying Notes to Financial Statements.

FOOD FOR OTHERS, INC.
STATEMENTS FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2011 AND 2010

	2011				2010			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel Costs	\$ 273,186	\$ 119,770	\$ 70,454	\$ 463,410	\$ 292,036	\$ 112,668	\$ 64,878	\$ 469,582
Professional Fees	-	10,727	-	10,727	-	9,131	-	9,131
Supplies	5,026	845	497	6,368	3,668	466	268	4,402
Telephone	1,806	791	466	3,063	1,687	651	374	2,712
Postage	1,368	1,094	273	2,735	1,169	935	234	2,338
Donated Facilities Utilities	178,880	9,938	9,938	198,756	173,784	9,654	9,654	193,092
Repairs and Maintenance	6,778	-	-	6,778	7,367	-	-	7,367
Printing	3,662	1,605	944	6,211	3,681	1,420	818	5,919
Vehicle and Transportation	15,231	-	-	15,231	16,995	-	-	16,995
Special Assistance - Donated Food	4,159,306	-	-	4,159,306	3,863,707	-	-	3,863,707
Special Assistance - Purchased Food	128,816	-	-	128,816	63,347	-	-	63,347
Insurance	11,951	5,239	3,082	20,272	11,852	3,829	2,553	18,234
Technology Expense	7,501	3,289	1,934	12,724	3,402	1,313	756	5,471
Bad Debt	-	12,709	-	12,709	-	6,023	-	6,023
Other	1,862	3,975	481	6,318	2,117	4,981	106	7,204
Fundraising Activities	-	-	53	53	-	-	38,478	38,478
Depreciation	43,291	-	-	43,291	7,866	-	-	7,866
Total Expenses	\$ 4,838,664	\$ 169,982	\$ 88,122	\$ 5,096,768	\$ 4,452,678	\$ 151,071	\$ 118,119	\$ 4,721,868

See accompanying Notes to Financial Statements.

FOOD FOR OTHERS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 321,124	\$ 309,583
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	43,291	7,866
Realized Gains on Sale of Investments	(154)	(116)
Unrealized Gain on Investments	(4,982)	(1,372)
Donated Investments	(9,760)	(4,296)
Bad Debt Expense	12,709	6,023
Changes in Assets and Liabilities:		
Contributions Receivable	(21,181)	(13,450)
Inventory - Food	(65,853)	45,869
Prepaid Expenses	365	(2,697)
Accounts Payable and Accrued Expenses	(5,148)	12,904
Net Cash Provided by Operating Activities	270,411	360,314
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(11,894)	(185,677)
Purchase of Investments	(681,642)	(461,794)
Proceeds from Sale of Investments	151,701	79,296
Net Cash Used by Investing Activities	(541,835)	(568,175)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(271,424)	(207,861)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	599,630	807,491
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 328,206	\$ 599,630
SUPPLEMENTAL DISCLOSURE		
Cash Paid During the Period for Interest	\$ -	\$ 509

See accompanying Notes to Financial Statements.

FOOD FOR OTHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 1 ORGANIZATION

Food for Others, Inc., a nonprofit organization in the Commonwealth of Virginia, provides relief to poor and underprivileged persons and families located principally in Northern Virginia. Food for Others, Inc. also provides relief to churches and other organizations that operate exclusively for such charitable purposes. The major sources of revenue are food contributions from various grocery and retail stores, government grants, and cash contributions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Assets and liabilities and revenues and expenses are recorded on the accrual basis of accounting in the records of the Organization in accordance with U.S. generally accepted accounting principles.

Income Tax

Food for Others, Inc. is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) as a Section 501(a) organization within the meaning of Section 509(a). The Internal Revenue Service has determined that the Organization is a publicly supported organization.

Food for Others, Inc. has adopted the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The adoption of this standard had no impact on the Organization's financial statements. Food for Others, Inc. files as a tax-exempt organization. Should that status be challenged in the future, the Organization's 2008, 2009, and 2010 tax years are open for examination by the IRS.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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 Equivalents

For financial statement purposes, the Organization considers money market funds to be cash equivalents.

Contributions and Other Receivables

The receivables are recorded at their net realizable value. The majority of the receivables are from pledges and the amounts due are individually analyzed for collectibility. When all collection efforts have been exhausted, the account is written off against the allowance for doubtful accounts. Management estimates that all recorded receivables are fully collectible.

FOOD FOR OTHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory - Food

Inventory consists mainly of donated food and is recorded using the average wholesale cost as determined by Feeding America. For the years ended June 30, 2011 and 2010, the average wholesale cost of food was \$1.66 and \$1.60 per pound, respectively.

Investments

The Organization carries its investments at fair value.

Property and Equipment

All acquisitions of property and equipment and building improvements greater than \$1,000 are capitalized at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of three to seven years.

Deferred Revenue

Amounts collected for events or other programs not yet earned are recorded as deferred revenue.

Net Assets

The Organization's resources are classified for accounting and reporting purposes into net asset groups based on the existence or absence of donor- or time-imposed restrictions. The net asset groups are as follows:

Unrestricted - represents resources available for support of the operations of the Organization. In December of 2010, the Board of Directors designated \$380,000 for special operating reserves. The designation remains as of June 30, 2011.

Temporarily Restricted - represents resources received by the Organization from contributors or grantors that are time restricted by the donors.

Government Contracts

Revenue from government grants and contracts is recognized in the year in which it is earned. Amounts collected but not earned are recorded as deferred revenue.

Contributions

Revenues from contributions are considered to be available for unrestricted use and are recognized as revenue when an unconditional pledge is received or when cash is received if no pledge exists. Contributions that are restricted for use in a later time period are recognized as temporarily restricted net assets. Temporarily restricted net assets become unrestricted when the time restrictions expire. Contributions receivable as of June 30, 2011 and 2010, are due within one year.

In-kind donations such as fixed assets and investments are recorded at their estimated fair market value on the date of receipt. In-kind services are recorded at their estimated fair market value if such services are specialized and would typically be purchased if not donated.

FOOD FOR OTHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds, that the Organization has the ability to access as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and are based on the best information available in the circumstances.

Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs benefited based on personnel effort.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 13, 2011, the date the financial statements were available to be issued.

FOOD FOR OTHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 3 CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Organization to a concentration of credit risk consist of a cash account with a financial institution. At times during the year, the Organization had funds in the financial institution in excess of the Federal Deposit Insurance Corporation limits. The Organization has not experienced any losses on such deposits.

NOTE 4 INVESTMENTS

The Organization's investments are stated at fair value and as of June 30, 2011 and 2010 consist of the following:

	2011		2010	
	Cost	Market	Cost	Market
Certificates of Deposit	\$ 820,259	\$ 824,659	\$ 311,162	\$ 312,534
Fixed Income Mutual Funds	106,505	108,460	75,748	75,748
	<u>\$ 926,764</u>	<u>\$ 933,119</u>	<u>\$ 386,910</u>	<u>\$ 388,282</u>

The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 and 2010.

	2011			
	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of Deposit	\$ 824,659	\$ -	\$ -	\$ 824,659
Fixed Income Mutual Funds	108,460	-	-	108,460
	<u>\$ 933,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 933,119</u>
	2010			
	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of Deposit	\$ 312,534	\$ -	\$ -	\$ 312,534
Fixed Income Mutual Funds	75,748	-	-	75,748
	<u>\$ 388,282</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,282</u>

FOOD FOR OTHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 5 IN-KIND DONATIONS

A significant portion of the Organization's support is derived from donated food, services, and facilities.

Donated Food

The Organization uses the amount developed by the Feeding America as with other local food banks when valuing the donated food value. For the years ended June 30, 2011 and 2010, the average wholesale cost as determined by the Feeding America was \$1.66 per pound and \$1.60 per pound, respectively. The Organization received 2,508,513 and 2,410,329 pounds of donated food for the years ended June 30, 2011 and 2010, respectively.

Donated Services

The Organization receives a substantial amount of services from volunteers. These volunteers assist in the acquisition and distribution of food and food products. They also provide management and administrative services. Volunteers donated 23,764 and 21,719 non-professional hours in the years ended June 30, 2011 and 2010, respectively. The Organization does not record these in-kind services as such services are not considered to be specialized and would not typically be purchased if not donated.

Donated Facilities

The County of Fairfax provided Food for Others, Inc., the use of a 10,750 square foot warehouse and office facility and related utilities at no cost. The County estimates that the fair value of the free use of this warehouse was \$198,756 and \$193,092 for the years ended June 30, 2011 and 2010, respectively.

NOTE 6 PENSION PLAN

Food for Others, Inc. has a Savings Incentive Match Plan (SIMPLE Plan) covering all eligible employees. Under this Plan, all employees may elect to defer a percentage of compensation up to statutory limits. The Organization will match the first 3% of each employee's contribution and the contribution is immediately vested. The total pension expense for the years ended June 30, 2011 and 2010 was \$6,255 and \$8,288, respectively.