

FOOD FOR OTHERS, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

**FOOD FOR OTHERS, INC.
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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, 2010 and 2009, 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, 2010 and 2009 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

Arlington, Virginia
September 22, 2010

**FOOD FOR OTHERS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009**

ASSETS	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 599,630	\$ 807,491
Contributions Receivable	118,586	111,159
Inventory - Food	102,810	148,679
Prepaid Expenses	13,581	10,884
Total Current Assets	<u>834,607</u>	<u>1,078,213</u>
INVESTMENTS	388,282	-
PROPERTY AND EQUIPMENT		
Furniture and Equipment	167,520	51,843
Vehicles	118,273	60,898
Less: Accumulated Depreciation	<u>(86,282)</u>	<u>(91,041)</u>
Net Property and Equipment	<u>199,511</u>	<u>21,700</u>
Total Assets	<u>\$ 1,422,400</u>	<u>\$ 1,099,913</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 43,437	\$ 30,533
NET ASSETS		
Unrestricted	1,258,176	956,844
Temporarily Restricted	120,787	112,536
Total Net Assets	<u>1,378,963</u>	<u>1,069,380</u>
Total Liabilities and Net Assets	<u>\$ 1,422,400</u>	<u>\$ 1,099,913</u>

See accompanying Notes to Financial Statements.

FOOD FOR OTHERS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2010 AND 2009

	2010		2009	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
SUPPORT AND OTHER REVENUE				
Donated Goods, Services, Utilities, and Facilities	\$ 4,009,553	-	\$ 3,746,817	\$ -
Contributions	545,692	260,590	415,540	137,648
Government Contracts for Services	161,551	-	161,551	-
Special Events, Net of Direct Expenses of \$14,964 and \$30,914	46,037	-	62,929	-
Other Income	1,716	-	430	-
Investment Income	6,312	-	9,183	-
Net Assets Released from Restrictions				
Released from Purpose Restrictions	122,710	(122,710)	-	-
Released from Time Restrictions	129,629	(129,629)	107,291	(107,291)
Total Revenue	<u>5,023,200</u>	<u>8,251</u>	<u>4,503,741</u>	<u>30,357</u>
EXPENSES				
Program Services	4,452,678	-	4,060,583	-
Management and General	151,071	-	116,196	-
Fundraising	118,119	-	81,878	-
Total Expenses	<u>4,721,868</u>	<u>-</u>	<u>4,258,657</u>	<u>-</u>
CHANGE IN NET ASSETS				
	301,332	8,251	245,084	30,357
NET ASSETS - BEGINNING OF YEAR	<u>956,844</u>	<u>112,536</u>	<u>711,760</u>	<u>82,179</u>
NET ASSETS - END OF YEAR	<u>\$ 1,258,176</u>	<u>\$ 120,787</u>	<u>\$ 956,844</u>	<u>\$ 112,536</u>

See accompanying Notes to Financial Statements.

**FOOD FOR OTHERS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2010 AND 2009**

	2010				2009			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel Costs	\$ 292,036	\$ 112,668	\$ 64,878	\$ 469,582	\$ 266,732	\$ 77,938	\$ 51,120	\$ 395,790
Professional Fees	-	9,131	-	9,131	-	8,659	-	8,659
Supplies	3,668	466	268	4,402	2,904	2,476	234	5,614
Telephone	1,687	651	374	2,712	1,174	388	254	1,816
Postage	1,169	935	234	2,338	1,149	1,284	691	3,124
Donated Facilities Utilities	173,784	9,654	9,654	193,092	254,908	14,162	14,162	283,232
Repairs and Maintenance	7,367	-	-	7,367	31,447	1,546	1,534	34,527
Printing	3,681	1,420	818	5,919	4,764	1,471	989	7,224
Vehicle and Transportation	16,995	-	-	16,995	14,251	288	557	15,096
Special Assistance - Donated Food	3,863,707	-	-	3,863,707	3,410,833	-	-	3,410,833
Special Assistance - Purchased Food	63,347	-	-	63,347	47,141	-	-	47,141
Insurance	11,852	3,829	2,553	18,234	10,939	3,408	2,343	16,690
Technology Expense	3,402	1,313	756	5,471	6,893	2,216	1,420	10,529
Bad Debt	-	6,023	-	6,023	-	395	-	395
Other	2,117	4,981	106	7,204	1,815	1,404	462	3,681
Fundraising Activities	-	-	38,478	38,478	-	-	7,748	7,748
Depreciation	7,866	-	-	7,866	5,633	561	364	6,558
Total Expenses	\$ 4,452,678	\$ 151,071	\$ 118,119	\$ 4,721,868	\$ 4,060,583	\$ 116,196	\$ 81,878	\$ 4,258,657

See accompanying Notes to Financial Statements.

**FOOD FOR OTHERS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 309,583	\$ 275,441
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	7,866	6,558
Realized Gains on Sale of Investments	(116)	-
Unrealized Gain on Investments	(1,372)	-
Donated Property and Equipment	-	(1,100)
Donated Investments	(4,296)	-
Bad Debt Expense	6,023	394
Changes in Assets and Liabilities:		
Contributions Receivable	(13,450)	(28,981)
Other Receivables	-	2,003
Inventory - Food	45,869	(51,651)
Prepaid Expenses	(2,697)	(394)
Accounts Payable and Accrued Expenses	12,904	10,639
Deferred Revenue	-	(23,452)
Net Cash Provided by Operating Activities	360,314	189,457
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(185,677)	(6,728)
Purchase of Investments	(461,794)	-
Proceeds from Sale of Investments	79,296	-
Net Cash Used by Investing Activities	(568,175)	(6,728)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(207,861)	182,729
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	807,491	624,762
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 599,630	\$ 807,491
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, 2010 AND 2009

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 2007, 2008, and 2009 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, 2010 AND 2009

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 America's Second Harvest. For the years ended June 30, 2010 and 2009, the average wholesale cost of food was \$1.60 and \$1.58 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 August of 2009, the Board of Directors designated \$315,000 for special operating reserves. The designation remains as of June 30, 2010.

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, 2010 and 2009, 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, 2010 AND 2009

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 September 22, 2010, the date the financial statements were available to be issued.

**FOOD FOR OTHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

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, 2010 and 2009 consist of the following:

	2010		2009	
	Cost	Market	Cost	Market
Certificates of Deposit	\$ 311,162	\$ 312,534	\$ -	\$ -
Fixed Income Mutual Funds	75,748	75,748	-	-
	<u>\$ 386,910</u>	<u>\$ 388,282</u>	<u>\$ -</u>	<u>\$ -</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, 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>

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 America's Second Harvest as with other local food banks when valuing the donated food value. For the years ended June 30, 2010 and 2009, the average wholesale cost as determined by the America's Second Harvest was \$1.60 per pound and \$1.58 per pound, respectively. The Organization received 2,410,329 and 2,191,446 pounds of donated food for the years ended June 30, 2010 and 2009, respectively.

**FOOD FOR OTHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

NOTE 5 IN-KIND DONATIONS (CONTINUED)

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 21,719 and 23,780 non-professional hours in the years ended June 30, 2010 and 2009, 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 \$193,092 and \$283,232 for the years ended June 30, 2010 and 2009, respectively. In 2009, the County of Fairfax expended \$100,000 to renovate the warehouse. The Organization expended an additional \$30,265 for this renovation project that took place in 2009. The amount was expensed in 2009 as the donated use of the facility is renewed on annual basis.

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, 2010 and 2009 was \$8,288 and \$8,759, respectively.