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# FOOD FOR OTHERS, INC.

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*Matthew, Carter and Boye*

**FOOD FOR OTHERS, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2013 AND 2012**

**ASSETS**

	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 658,613	\$ 254,349
Contributions receivable, net	125,712	108,351
Interest receivable	1,840	2,025
Inventory - food	255,437	216,332
Prepaid expenses	<u>14,827</u>	<u>14,758</u>
Total Current Assets	<u>\$ 1,056,429</u>	<u>\$ 595,815</u>
<b>INVESTMENTS</b>	<u>\$ 934,758</u>	<u>\$ 1,197,590</u>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	\$ 153,703	\$ 176,287
Vehicles	106,373	106,773
Less, accumulated depreciation	<u>(121,740)</u>	<u>(110,631)</u>
Net Property and Equipment	<u>\$ 138,336</u>	<u>\$ 172,429</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,129,523</u></u>	<u><u>\$ 1,965,834</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 53,620</u>	<u>\$ 36,401</u>
<b>NET ASSETS</b>		
Unrestricted		
Board designated	\$ 380,000	\$ 380,000
Other	<u>1,551,297</u>	<u>1,436,383</u>
Total Unrestricted	<u>\$ 1,931,297</u>	<u>\$ 1,816,383</u>
Temporarily restricted	<u>144,606</u>	<u>113,050</u>
Total Net Assets	<u>\$ 2,075,903</u>	<u>\$ 1,929,433</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,129,523</u></u>	<u><u>\$ 1,965,834</u></u>

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

**FOOD FOR OTHERS, INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND OTHER REVENUE</b>						
Donated goods, services, utilities and facilities	\$ 3,810,540	\$ -	\$ 3,810,540	\$ 3,848,491	\$ -	\$ 3,848,491
Contributions	659,086	176,451	835,537	640,904	126,742	767,646
Government contracts for services	161,551	-	161,551	166,551	-	166,551
Special events, net of direct expenses of \$14,485 and \$13,363	41,429	-	41,429	45,978	-	45,978
Other income	825	-	825	9,792	-	9,792
Investment income	8,146	-	8,146	14,381	-	14,381
Net assets released from restrictions:						
Released from purpose restrictions	5,000	(5,000)	-	21,750	(21,750)	-
Released from time restrictions	139,895	(139,895)	-	124,844	(124,844)	-
<b>Total Revenue</b>	<b>\$ 4,826,472</b>	<b>\$ 31,556</b>	<b>\$ 4,858,028</b>	<b>\$ 4,872,691</b>	<b>\$ (19,852)</b>	<b>\$ 4,852,839</b>
<b>EXPENSES</b>						
Program services	\$ 4,362,240	\$ -	\$ 4,362,240	\$ 4,326,222	\$ -	\$ 4,326,222
Management and general	182,950	-	182,950	160,965	-	160,965
Fundraising	166,368	-	166,368	136,306	-	136,306
<b>Total Expenses</b>	<b>\$ 4,711,558</b>	<b>\$ -</b>	<b>\$ 4,711,558</b>	<b>\$ 4,623,493</b>	<b>\$ -</b>	<b>\$ 4,623,493</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 114,914</b>	<b>\$ 31,556</b>	<b>\$ 146,470</b>	<b>\$ 249,198</b>	<b>\$ (19,852)</b>	<b>\$ 229,346</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,816,383</b>	<b>113,050</b>	<b>1,929,433</b>	<b>1,567,185</b>	<b>132,902</b>	<b>1,700,087</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,931,297</b>	<b>\$ 144,606</b>	<b>\$ 2,075,903</b>	<b>\$ 1,816,383</b>	<b>\$ 113,050</b>	<b>\$ 1,929,433</b>

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

**FOOD FOR OTHERS, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 146,470	\$ 229,346
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	32,335	32,895
Realized gain on sale of investments	(3,310)	(274)
Unrealized (gain)/ loss on investments	7,949	(2,095)
Donated investments	(13,207)	(26,758)
Allowance for doubtful accounts	(11,034)	5,257
Changes in Assets and Liabilities:		
Contributions receivable	(6,327)	13,450
Interest receivable	185	(2,025)
Inventory - food	(39,105)	(47,669)
Prepaid expenses	(69)	(1,542)
Accounts payable and accrued expenses	17,219	(1,888)
	<b>\$ 131,106</b>	<b>\$ 198,697</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	\$ -	\$ (37,210)
Purchase of investments	(215,000)	(572,186)
Proceeds from sale of investments	488,158	336,842
	<b>\$ 273,158</b>	<b>\$ (272,554)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<b>\$ 404,264</b>	<b>\$ (73,857)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		
	<b>254,349</b>	<b>328,206</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		
	<b>\$ 658,613</b>	<b>\$ 254,349</b>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:</b>		
Donated investments	\$ 13,207	\$ 26,758

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

**FOOD FOR OTHERS, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013				2012			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel costs	\$ 291,955	\$ 121,648	\$ 72,988	\$ 486,591	\$ 312,121	\$ 124,705	\$ 72,503	\$ 509,329
Professional fees	-	33,590	-	33,590	-	13,999	-	13,999
Supplies	15,968	868	521	17,357	7,051	389	226	7,666
Telephone	2,228	929	557	3,714	2,539	1,014	590	4,143
Postage	1,556	1,245	311	3,112	1,300	1,040	260	2,600
Donated facilities and utilities	184,625	10,257	10,257	205,139	184,290	10,238	10,238	204,766
Repairs and maintenance	3,671	-	-	3,671	6,918	-	-	6,918
Printing	2,665	1,111	666	4,442	4,670	1,866	1,085	7,621
Vehicle and transportation	16,622	-	-	16,622	14,330	-	-	14,330
Special assistance - donated food	3,564,819	-	-	3,564,819	3,597,001	-	-	3,597,001
Special assistance - purchased food	201,949	-	-	201,949	143,443	-	-	143,443
Insurance	14,491	6,038	3,623	24,152	7,841	3,133	1,822	12,796
Technology expense	10,080	4,200	2,520	16,800	6,610	2,641	1,535	10,786
Other	7,353	3,064	1,838	12,255	5,213	1,940	432	7,585
Bad debt	11,923	-	-	11,923	-	-	-	-
Fundraising registration fees	-	-	73,087	73,087	-	-	47,615	47,615
Depreciation	32,335	-	-	32,335	32,895	-	-	32,895
<b>Total Expense</b>	<b>\$ 4,362,240</b>	<b>\$ 182,950</b>	<b>\$ 166,368</b>	<b>\$ 4,711,558</b>	<b>\$ 4,326,222</b>	<b>\$ 160,965</b>	<b>\$ 136,306</b>	<b>\$ 4,623,493</b>

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



# FOOD FOR OTHERS, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

### Note 1. Organization

Food for Others, Inc., a nonprofit organization incorporated in the Commonwealth of Virginia, provides relief to poor and underprivileged persons and families located principally in Northern Virginia. Food for Others, Inc. (the Organization) 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 tax returns as a tax-exempt organization. Currently, the Organization's 2009, 2010, and 2011 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 majority of the receivables are from pledges and the amounts due are individually analyzed for collectability and are recorded at their net realizable value with an offsetting allowance for doubtful accounts. When all collection efforts have been exhausted, the account is written off against the allowance for doubtful accounts. For the years ended June 30, 2013 and 2012, the allowance for doubtful accounts was \$17,145 and \$28,179, respectively. Management estimates that all net recorded receivables are fully collectible.

#### Inventory – Food

Inventory consists mainly of donated food and is recorded using the average valuation of food donated through the Feeding America network when valuing the donated food. This valuation is determined by a proprietary audit conducted on behalf of Feeding America by KMPG, determining approximate average wholesale value of one pound of food at the national level. For the years ended June 30, 2013 and 2012, the average wholesale cost of food was \$1.69 and \$1.66 per pound, respectively.

# FOOD FOR OTHERS, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

### Note 2. Summary of Significant Accounting Policies (Continued)

#### 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, 2013 and 2012.

Temporarily Restricted – represents resources received by the Organization from contributors or grantors that are time or purpose 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 or for a particular purpose are recognized as temporarily restricted net assets. Temporarily restricted net assets become unrestricted when the time restrictions expire or the purpose restriction is met. Contributions receivable as of June 30, 2013 and 2012, 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, and are in compliance with recording requirements under FASB ASC 958. Donated facilities are recorded at their estimated fair market value.

#### 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.

# FOOD FOR OTHERS, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

### Note 2. **Summary of Significant Accounting Policies (Concluded)**

#### Fair Value Measurements (Concluded)

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.

At June 30, 2013 and 2012, the fair values of all the Organization's investments are measured using Level 1 inputs.

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.

#### Functional 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. Costs that can be identified with particular programs or support functions are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based upon management's best estimates of the proportion of these costs applicable to each program. Other allocable costs have been allocated to program services and to general and administrative based upon management's best estimates.

#### Comparative Information

Certain 2012 information has been reclassified to conform to the 2013 presentation.

### 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 (FDIC) limits. The Organization has not experienced any losses on such deposits.

# FOOD FOR OTHERS, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

### Note 4. Investments

The Organization's investments are stated at fair value and as of June 30, 2013 and 2012 consist of the following:

	2013		2012	
	Cost	Market	Cost	Market
Certificates of deposit	\$ 722,675	\$ 726,666	\$ 1,082,635	\$ 1,085,842
Fixed income mutual funds	211,505	208,092	106,505	111,748
	<u>\$ 934,180</u>	<u>\$ 934,758</u>	<u>\$ 1,189,140</u>	<u>\$ 1,197,590</u>

Investment income at June 30, 2013 and 2012 includes interest and dividends of \$12,785 and \$12,012, unrealized loss/gain of \$(7,949) and \$2,095 and realized gain of \$3,310 and \$274, respectively.

### Note 5. In-Kind Donations

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

#### Donated Food

The Organization uses the average valuation of food donated through the Feeding America network when valuing the donated food. This valuation is determined by a proprietary audit conducted on behalf of Feeding America by KMPG, determining approximate average wholesale value of one pound of food at the national level. This is the value used by other Washington, D.C. area food banks. For the years ended June 30, 2013 and 2012, the average wholesale value of one pound of food as determined by Feeding America was \$1.69 and \$1.66, respectively. The Organization received 2,133,373 and 2,195,015 pounds of donated food for the years ended June 30, 2013 and 2012, respectively.

#### 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 \$205,139 and \$204,766 for the years ended June 30, 2013 and 2012, 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 27,645 and 23,844 non-professional hours in the years ended June 30, 2013 and 2012, 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.

**FOOD FOR OTHERS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013 AND 2012**

**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, 2013 and 2012 was \$10,918 and \$10,154, respectively.

**Note 7. Composition of Temporarily Restricted Net Assets**

Net assets are available for the following purposes at June 30:

	<u>2013</u>	<u>2012</u>
Temporarily restricted net assets:		
Time restricted	\$ 139,606	\$ 113,050
Purpose restricted	<u>5,000</u>	<u>-</u>
	<u>\$ 144,606</u>	<u>\$ 113,050</u>

**Note 8. Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 8, 2013, the date the financial statements were available to be issued. The Organization determined there are no subsequent events to report.