

CONNECTICUT FOOD BANK, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

CONNECTICUT FOOD BANK, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Connecticut Food Bank, Inc.

We have audited the accompanying balance sheet of Connecticut Food Bank, Inc. as of June 30, 2010, and the related statement of activities, change in net assets, functional expenses, and cash flows for the year 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 audit. The financial statements of the Organization as of and for the year ended June 30, 2009, were audited by other auditors whose report was dated October 23, 2009, expressed an unqualified opinion on those financial statements.

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 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 audit provides 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 Connecticut Food Bank, Inc. as of June 30, 2010, and the results of its operations, changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Marcum LLP

New Haven, Connecticut
November 30, 2010



CONNECTICUT FOOD BANK, INC.

BALANCE SHEETS

JUNE 30, 2010 AND 2009

	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	\$ 804,810	\$ 1,967,062
Short-term investments	2,010,395	1,170,505
Accounts receivable, less allowance for doubtful accounts of \$8,954 in 2010 and \$7,227 in 2009	189,839	146,539
Grants receivable	122,733	126,628
Prepaid expenses and other	19,388	13,437
Inventory	<u>1,017,309</u>	<u>997,462</u>
Total Current Assets	<u>4,164,474</u>	<u>4,421,633</u>
Assets Whose Use is Limited		
By board for future capital improvements:		
Short-term investments	3,126,000	1,861,100
By board for contingency fund:		
Investments, at fair value	<u>1,417,872</u>	<u>1,207,229</u>
Total Assets Whose Use is Limited	<u>4,543,872</u>	<u>3,068,329</u>
Land, Building and Equipment - net	<u>1,745,209</u>	<u>1,735,011</u>
	<u>\$ 10,453,555</u>	<u>\$ 9,224,973</u>

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

CONNECTICUT FOOD BANK, INC.

BALANCE SHEETS

JUNE 30, 2010 AND 2009

	2010	2009
Liabilities and Net Assets		
Current Liabilities		
Current maturity of long-term debt	\$ --	\$ 23,293
Accounts payable and accrued expenses	236,303	184,303
Accrued vacation	91,134	72,051
Deferred grant revenue	58,068	55,544
Total Current Liabilities	<u>385,505</u>	<u>335,191</u>
Long-Term Debt	<u>--</u>	<u>198,620</u>
Net Assets		
Unrestricted		
Designated by the Governing Board	4,543,872	3,068,329
Undesignated	5,478,542	5,520,980
Temporarily restricted	45,636	101,853
Total Net Assets	<u>10,068,050</u>	<u>8,691,162</u>
	<u>\$ 10,453,555</u>	<u>\$ 9,224,973</u>

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

CONNECTICUT FOOD BANK, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Revenue and Other Support		
Contributions and fundraising	\$ 5,005,776	\$ 4,515,510
Donated food (Note 4)	19,839,017	12,817,443
Governmental grants	1,197,804	1,118,072
Shared maintenance and transportation	806,707	788,519
Buying Club Revenue	641,704	564,267
Storage and handling charges	15,920	16,651
Membership fees	10,688	14,374
Net assets released from restrictions	189,008	134,555
	<u>27,706,624</u>	<u>19,969,391</u>
Expenses		
Program services:		
Food distribution	25,139,812	16,755,224
Public education and awareness	637,243	443,007
Supporting services:		
General and administrative	843,526	811,426
Fundraising	768,400	766,057
	<u>27,388,981</u>	<u>18,775,714</u>
Income From Operating Activities	<u>317,643</u>	<u>1,193,677</u>
Nonoperating Activities		
Gain (loss) on disposal of property and equipment	20,000	(72,233)
Return on investments	(30,111)	(61,849)
Interest income	52,536	94,993
	<u>42,425</u>	<u>(39,089)</u>
Excess of Revenue and Other Support Over Expenses	<u>\$ 360,068</u>	<u>\$ 1,154,588</u>

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

CONNECTICUT FOOD BANK, INC.

STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Unrestricted Net Assets		
Excess of revenue and other support over expenses	\$ 360,068	\$ 1,154,588
Other changes in unrestricted net assets:		
Change in accounting for TEFAP commodities (Note 4)	802,295	--
Grants received for the purchase of property and equipment	81,386	126,443
Unrealized gain (loss) on investments	189,356	(191,001)
Change in Unrestricted Net Assets	<u>1,433,105</u>	<u>1,090,030</u>
Temporarily Restricted Net Assets		
Contributions and program revenue received	132,791	218,666
Net assets released from restrictions	(189,008)	(134,555)
Change in Temporarily Restricted Net Assets	<u>(56,217)</u>	<u>84,111</u>
Change in Net Assets	1,376,888	1,174,141
Net Assets - Beginning	<u>8,691,162</u>	<u>7,517,021</u>
Net Assets - Ending	<u>\$ 10,068,050</u>	<u>\$ 8,691,162</u>

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

CONNECTICUT FOOD BANK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	Year ended June 30, 2010				Year ended June 30, 2009				
	Program Services		Supporting Services		Program Services		Supporting Services		
	Food Distribution	Education and Awareness	General and Administrative	Fundraising	Food Distribution	Education and Awareness	General and Administrative	Fundraising	
Salaries and Related Expenses									
Salaries	\$ 1,192,373	\$ 381,187	\$ 416,212	\$ 150,191	\$ 957,815	\$ 253,690	\$ 457,088	\$ 225,823	\$ 1,894,416
Employee benefits	184,875	50,695	57,806	21,477	145,244	33,578	62,740	29,215	270,777
Payroll taxes	105,881	32,310	36,324	12,929	86,262	20,926	38,100	18,514	163,802
Total Salaries and Related Expenses	<u>1,483,129</u>	<u>464,192</u>	<u>510,342</u>	<u>184,597</u>	<u>1,189,321</u>	<u>308,194</u>	<u>557,928</u>	<u>273,552</u>	<u>2,328,995</u>
Food Distribution and Warehouse Expenses									
Food distributed	20,692,581	--	--	--	12,896,890	--	--	--	12,896,890
Other food purchases	1,530,071	--	--	--	1,431,117	--	--	--	1,431,117
Freight	526,762	--	--	--	427,081	--	--	--	427,081
Maintenance and repairs	152,185	9,059	10,870	9,059	123,410	7,346	8,815	7,346	146,917
Utilities/occupancy	129,997	7,738	9,285	7,738	132,610	7,893	9,472	7,893	157,868
Truck maintenance and fuel	108,731	--	--	--	93,275	--	--	--	93,275
Rent	76,080	--	--	--	76,080	--	--	--	76,080
Storage and handling	71,738	--	--	--	63,273	--	--	--	76,080
Total Food Distribution and Warehouse Expenses	<u>23,288,145</u>	<u>16,797</u>	<u>20,155</u>	<u>16,797</u>	<u>15,243,736</u>	<u>15,239</u>	<u>18,287</u>	<u>15,239</u>	<u>15,292,501</u>
Other Expenses									
Fundraising activities and expenses	--	--	--	536,470	--	--	--	446,437	446,437
Depreciation and amortization	185,397	11,036	13,243	11,036	179,686	10,696	12,835	10,696	213,913
Professional fees	--	--	212,466	--	--	--	150,712	--	150,712
Insurance	59,542	9,160	18,321	4,580	54,993	8,460	16,921	4,230	84,604
Office supplies and expenses	39,942	12,767	13,943	5,032	15,203	4,173	7,106	3,384	29,866
Postage and printing	29,944	9,571	10,452	3,773	22,820	6,263	10,666	5,080	44,829
Telephone	29,783	9,520	10,396	3,752	17,461	4,792	8,161	3,887	34,301
Travel and meetings	--	51,853	--	--	--	41,908	--	--	41,908
Public relations	--	46,407	--	--	--	38,900	--	--	38,900
Dues and subscriptions	18,976	5,940	6,528	2,363	16,060	4,382	7,552	3,552	31,546
Other administrative	--	--	21,661	--	--	--	16,174	--	16,174
Interest	4,954	--	--	--	15,944	--	--	--	15,944
Staff training	--	--	4,292	--	--	--	4,472	--	4,472
Provision for bad debts	--	--	1,727	--	--	--	612	--	612
Total Other Expenses	<u>368,538</u>	<u>156,254</u>	<u>313,029</u>	<u>567,006</u>	<u>322,167</u>	<u>119,574</u>	<u>235,211</u>	<u>477,266</u>	<u>1,154,218</u>
Total	<u>\$ 25,139,812</u>	<u>\$ 637,243</u>	<u>\$ 843,526</u>	<u>\$ 768,400</u>	<u>\$ 16,755,224</u>	<u>\$ 443,007</u>	<u>\$ 811,426</u>	<u>\$ 766,057</u>	<u>\$ 18,775,714</u>

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

CONNECTICUT FOOD BANK, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Cash Flows from Operating Activities		
Change in net assets	\$ 1,376,888	\$ 1,174,141
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	220,712	213,913
Net realized and unrealized (gain) loss on investments	(138,554)	302,840
Net change in donated food inventory	22,311	22,311
(Gain) loss on disposal of property and equipment	(20,000)	72,233
Changes in assets and liabilities:		
Accounts receivable	(43,300)	(3,786)
Grants receivable	3,895	(126,628)
Prepaid expenses and other	14,049	--
Other inventory	(42,158)	(20,110)
Accounts payable and accrued expenses	52,000	16,623
Accrued vacation	19,083	2,454
Deferred grant revenue	2,524	(33,521)
Net Cash Provided by Operating Activities	1,467,450	1,620,470
Cash Flows from Investing Activities		
Purchases of property and equipment	(230,910)	(173,993)
Net change in short term investments	(2,104,790)	(1,501,693)
Proceeds from sale of investments	1,092,534	408,295
Purchases of investments	(1,164,623)	(481,019)
Net Cash Used in Investing Activities	(2,407,789)	(1,748,410)
Cash flows from Financing Activities		
Repayment of long-term debt	(221,913)	(21,563)
Net Change in Cash and Cash Equivalents	(1,162,252)	(149,503)
Cash and Cash Equivalents - Beginning	1,967,062	2,116,565
Cash and Cash Equivalents - Ending	\$ 804,810	\$ 1,967,062
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ 5,495	\$ 15,998

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

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Connecticut Food Bank, Inc. (the Organization) was incorporated in Connecticut in 1982 as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization solicits, stores, and distributes donated and purchased food through a network of member agencies.

SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

BASIS OF PRESENTATION

To ensure observance of limitations and restrictions that may be placed on the use of resources available, the accounts of the Organization are maintained in the following net asset categories:

Unrestricted — Unrestricted net assets represent available resources other than donor restricted contributions. Included in unrestricted net assets are grants and contracts that are earmarked for specific purposes.

Temporarily Restricted — Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose or as to time of expenditure.

The Organization reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Temporarily Restricted (continued)

When long-lived assets are placed in service, thus satisfying purpose restrictions, the amount is included as a change in net assets, restricted and unrestricted. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include current unrestricted and restricted funds, and investments in highly liquid debt instruments with original maturities of three months or less. The Organization maintains cash deposits in bank accounts in excess of \$250,000 which exceeds Federal Depository Insurance limits. Management believes that credit risk related to those deposits is minimal.

SHORT TERM INVESTMENTS

Short term investments include funds held in bank certificates of deposit, for which the cost approximates the fair value.

INVESTMENTS

Investments in equity securities and all investments in debt securities are measured at fair value in the balance sheet. Donated investments are recorded at fair value as of the date of receipt. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenue and other support over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenue and other support over expenses, unless the investments are trading securities.

ASSETS WHOSE USE IS LIMITED

Assets whose use is limited include assets set aside by the Board to fund the cost of a planned facility expansion, other future capital improvements, and as a contingency reserve, over which the Board retains control and may at its discretion subsequently use for other purposes.

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable, primarily handling fees billed to member agencies based upon the types of food distributed, are stated at the amount the Organization expects to collect from outstanding balances. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on a review of the current status of existing receivables, historical collection experience, and other circumstances that may affect the ability of members and others to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

INVENTORY

Food inventories purchased for resale are stated at the lower of cost, determined by the first-in, first-out method, or market.

The value of the donated inventory, donated food revenue and food distributed is based upon a study commissioned by Feeding America, a national food bank network, of the average wholesale value of products donated to the network (see Note 4).

LAND, BUILDING AND EQUIPMENT

Land, building and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reflected in the statement of activities.

Depreciation is computed on the straight-line method based on their estimated useful lives as follows:

Building and improvements	5-30 years
Leasehold improvements	5-10 years
Furniture and equipment	5-20 years
Vehicles	5-10 years

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been reported on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program and supporting services.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 30, 2010, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2010, have been incorporated into these financial statements herein.

NOTE 2 - INVESTMENTS

Investments consist primarily of equities, corporate bonds, and other securities, and by policy, are not heavily concentrated in any individual security or financial institution. Fair values and unrealized appreciation at June 30, are summarized as follows:

Investments are stated at fair value and consist of the following at June 30:

	2010	2009
Cash and money market funds	\$ 61,823	\$ 106,566
Equities	529,899	598,011
Exchange traded / Closed End Funds	512,807	--
Government securities	169,232	131,011
Mutual Funds	136,248	114,570
Corporate bonds	7,863	5,541
Mortgage and asset backed securities	--	82,560
Annuities	--	168,970
	<u>\$ 1,417,872</u>	<u>\$ 1,207,229</u>

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 2 - INVESTMENTS (CONTINUED)

The following schedule summarizes the return on investments for the years ended June 30:

	2010	2009
Interest and dividends	\$ 20,693	\$ 49,991
Realized loss	<u>(50,804)</u>	<u>(111,840)</u>
	(30,111)	(61,849)
Unrealized gain (loss)	<u>189,356</u>	<u>(191,001)</u>
	<u>\$ 159,245</u>	<u>\$ (252,850)</u>

FAIR VALUE MEASUREMENTS

The Organization has established a framework for measuring fair value, and expanded the disclosure requirements regarding fair value measurement, based on a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing an asset or liability based on market data obtained from independent sources. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels, as follows:

- Level 1 – Inputs to the valuation methodology based on unadjusted quoted market prices in active markets that are accessible at the measurement date.
- Level 2 – Inputs to the valuation methodology that include quoted market prices that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 2 - INVESTMENTS (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

The Organization values investments in securities that are freely traded and listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year.

The fair values of government obligations are generally based on quoted prices in active markets, and generally categorized in Level 1 of the fair value hierarchy.

The fair value of corporate obligations is estimated using recently executed transactions, market price quotations (where observable), bond spreads or other available data. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond swap spreads, and other available inputs. Corporate obligations are generally categorized in Level 2 of the fair value hierarchy.

The following tables set forth by level within the fair value hierarchy the investments at fair value, as of June 30:

	2010			
	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 61,823	\$ --	\$ --	\$ 61,823
Corporate bonds	--	7,863	--	7,863
Equities	529,899	--	--	529,899
Government securities	169,232	--	--	169,232
Mutual Funds	136,248	--	--	136,248
Exchange Traded / Closed End Funds	512,807	--	--	512,807
	\$ 1,410,009	\$ 7,863	\$ --	\$ 1,417,872

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 2 - INVESTMENTS (CONTINUED)

	2009			
	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 106,566	\$ --	\$ --	\$ 106,566
Corporate bonds	--	5,541	--	5,541
Equities	598,011	--	--	598,011
Government securities	131,011	--	--	131,011
Mutual Funds	114,570	--	--	114,570
Mortgage and asset backed securities	--	82,560	--	82,560
Annuities	--	--	168,970	168,970
	<u>\$ 950,158</u>	<u>\$ 88,101</u>	<u>\$ 168,970</u>	<u>\$ 1,207,229</u>

The classification of an investment within Level 3 is based upon the significance of unobservable inputs to the overall fair value measurement. The table below sets forth a summary of the changes in the fair value of the Organization's Level 3 investments at June 30:

	2010	2009
Balance, beginning of year	\$ 168,970	\$ 264,099
Net realized and unrealized gain (loss)	35,700	(95,129)
Sales	(204,670)	--
Balance, end of year	<u>\$ --</u>	<u>\$ 168,970</u>

NOTE 3 - ACCOUNTS RECEIVABLE

The Organization provides credit without collateral to its participating member agencies, in connection with its shared maintenance fees billed and buying club program. The Organization performs an evaluation of all new applicants in order to verify eligibility in accordance with established criteria for membership.

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 4 - INVENTORY, DONATED FOOD DISTRIBUTED

Inventory consists of the following at June 30:

	2010	2009
Donated food	\$ 600,528	\$ 900,418
TEFAP commodities	276,307	--
Purchased food	<u>140,474</u>	<u>97,044</u>
	<u>\$ 1,017,309</u>	<u>\$ 997,462</u>

Throughout the year, the Organization receives donated food from various entities and distributes this food to other not-for-profit agencies. The Organization charges its member agencies certain maintenance and handling fees. The accounting for food products and related fees charged is done on a per pound basis.

In 2010, the Organization changed its method of accounting for commodities provided by the State of Connecticut, Department of Social Services under The Emergency Food Assistance Program (TEFAP), and now includes those commodities in its donated food income, food distribution cost, and ending inventory. This change was made pursuant to clarification received from DSS, whereby DSS has indicated that they want all TEFAP commodities reported as passthrough to the Organization. The value of the TEFAP commodities as of the beginning of 2010, totaling \$802,295, has been recorded as an adjustment to unrestricted net assets in 2010.

The fair values for the donated inventory, donated food revenue, and food distributed are determined based on a study commissioned by Feeding America, a national food bank network, of the average wholesale fair value of products donated to the network. Although the value of items for different organizations may vary, an average wholesale value per pound of \$1.60 in 2010 and \$1.58 in 2009 was used by Connecticut Food Bank, Inc., based on the results of Feeding America's study.

In addition, commodities provide for warehousing and distribution of commodities under the TEFAP program is valued using the average wholesale value per pound based upon the Feeding America study.

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 4 - INVENTORY, DONATED FOOD DISTRIBUTED

The Organization also distributes purchased food products through several programs, including the Buying Club, grant funding through the Federal Emergency Management Agency (FEMA), and other donor contributions. The Buying Club is a program designed to purchase food products not normally donated to the Organization. The participating member agencies may purchase these food products from the Organization to supplement the donated food products. Buying Club inventory purchased amounted to \$560,383 and \$506,970 for the years ended June 30, 2010 and 2009, respectively.

The following is a summary of food donated and distributed for the years ended June 30:

	2010		2009	
	Pounds	Average Wholesale Value	Pounds	Average Wholesale Value
Inventory, beginning of year	569,885	\$ 900,418	619,282	\$ 922,729
Donated food received	<u>7,418,513</u>	<u>11,869,620</u>	<u>8,112,306</u>	<u>12,817,443</u>
	<u>7,988,398</u>	<u>12,770,038</u>	<u>8,731,588</u>	<u>13,740,172</u>
Less:				
Food distributed	(6,807,925)	(10,892,680)	(7,410,843)	(11,709,132)
Food shrinkage and adjustments	<u>(805,142)</u>	<u>(1,276,830)</u>	<u>(750,860)</u>	<u>(1,130,622)</u>
	<u>(7,613,067)</u>	<u>(12,169,510)</u>	<u>(8,161,703)</u>	<u>(12,839,754)</u>
Inventory, ending of year	<u><u>375,331</u></u>	<u><u>\$ 600,528</u></u>	<u><u>569,885</u></u>	<u><u>\$ 900,418</u></u>

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 4 - INVENTORY, DONATED FOOD DISTRIBUTED (CONTINUED)

The following is a summary of TEFAP commodities received and distributed for the years ended June 30:

	2010		2009	
	Pounds	Average Wholesale Value	Pounds	Average Wholesale Value
Inventory, beginning of year	507,782	\$ 802,295	97,795	\$ 145,715
TEFAP commodities received	<u>4,980,873</u>	<u>7,969,397</u>	<u>4,960,143</u>	<u>7,837,026</u>
	<u>5,488,655</u>	<u>8,771,692</u>	<u>5,057,938</u>	<u>7,982,741</u>
Less:				
Food distributed	(5,290,987)	(8,465,579)	(4,535,763)	(7,166,506)
Food shrinkage and adjustments	<u>(24,976)</u>	<u>(29,806)</u>	<u>(14,393)</u>	<u>(13,940)</u>
	<u>(5,315,963)</u>	<u>(8,495,385)</u>	<u>(4,550,156)</u>	<u>(7,180,446)</u>
Inventory, ending of year	<u><u>172,692</u></u>	<u><u>\$ 276,307</u></u>	<u><u>507,782</u></u>	<u><u>\$ 802,295</u></u>

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 5 — LAND, BUILDING AND EQUIPMENT AND DEPRECIATION

A summary of land, building and equipment is as follows at June 30:

	2010	2009
Land	\$ 215,743	\$ 215,743
Building and improvements	2,760,518	2,736,639
Leasehold improvements	80,967	75,399
Furniture and equipment	923,165	843,438
Vehicles	<u>565,561</u>	<u>443,827</u>
	4,545,954	4,315,046
Less, accumulated depreciation and amortization	<u>2,800,745</u>	<u>2,580,035</u>
	<u>\$ 1,745,209</u>	<u>\$ 1,735,011</u>

In 2009, the Organization made a determination to abandon a project to acquire property in Waterbury to renovate for use as a warehouse facility. Accordingly, accumulated capitalized costs totaling \$72,233 were written off during the year ending June 30, 2009. In 2010, a portion of these costs were refunded to the Organization. Accordingly, \$20,000 that was written off in 2009 was recognized as a gain during the year ending June 30, 2010.

NOTE 6 - LONG-TERM DEBT

The Organization had a mortgage payable to a bank, secured by real property, due in monthly installments of \$3,130 including interest at 6.75 percent originally scheduled to be due January 2017. During 2010, the mortgage payable was paid in full.

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 7 - LEASE COMMITMENT

The Organization leases warehouse space for its Waterbury operations under the terms of an operating lease that expires September 30, 2012. Rent under the lease is due in minimum annual rentals as defined in the lease, plus proportionate charges for real estate taxes and other building operating costs.

Total rental expense charged to operations amounted to \$76,080 for each of the years ended June 30, 2010 and 2009.

At June 30, future minimum lease payments are as follows:

2011	\$	76,080
2012		76,080
2013		<u>19,020</u>
	\$	<u>171,180</u>

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 8 - GRANTS

The Organization records the entire amount of grants as receivable when notified of approval. Revenue is recognized ratably over the period of the grant or based on actual expenses incurred, with any unearned portion recorded as deferred grant revenue.

Grant Title	Amount of Grant	Period Covered	Revenue Recognized		Deferred Grant Revenue	
			2010	2009	2010	2009
State of Connecticut:						
Department of Social Services:						
State Supplemental Nutrition Assistance Program (SSNAP)	\$ 722,061	October 1, 2009 - September 30, 2010	\$ 467,945	\$ --	\$ 33,111	\$ --
	\$ 737,451	October 1, 2008 - September 30, 2009	249,226	488,225	--	55,540
	\$ 737,451	October 1, 2007 - September 30, 2008	--	253,984	--	--
The Emergency Food Assistance Program (TEFAP)	\$ 337,106	October 1, 2009 - September 30, 2010	251,778	--	--	--
	\$ 333,179	October 1, 2008 - September 30, 2009	83,294	249,885	--	--
	\$ 333,179	October 1, 2007 - September 30, 2008	--	83,294	--	--
The Emergency Food Assistance Program (TEFAP) under funding received from The American Recovery and Reinvestment Act	\$ 466,078	April 1, 2009 - December 31, 2010	219,443	126,628	24,957	--
Office of Policy and Management	\$ 25,000	June 18, 2008 - June 30, 2009	--	25,000	--	--
United Way of Greater New Haven: Emergency Food and Shelter National Board Program - Phase 27 (FEMA)	\$ 15,000	January 1, 2009 - December 31, 2009	7,504	7,496	--	4
Phase 26 (FEMA)	\$ 20,000	January 1, 2008 - December 31, 2008	--	10,003	--	--
Totals			<u>\$ 1,279,190</u>	<u>\$ 1,244,515</u>	<u>\$ 58,068</u>	<u>\$ 55,544</u>