

CONNECTICUT FOOD BANK, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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 sheets of Connecticut Food Bank, Inc. as of June 30, 2011 and 2010, and the related statements of activities, change in net assets, 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 audit.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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, 2011 and 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, CT
November 4, 2011

CONNECTICUT FOOD BANK, INC.

BALANCE SHEETS

JUNE 30, 2011 AND 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,332,535	\$ 804,810
Short-term investments	1,079,826	2,010,395
Accounts receivable, less allowance for doubtful accounts of \$16,874 in 2011 and \$8,954 in 2010	302,524	189,839
Grants receivable	85,355	122,733
Prepaid expenses and other	7,081	19,388
Inventory	<u>1,735,589</u>	<u>1,017,309</u>
Total Current Assets	<u>4,542,910</u>	<u>4,164,474</u>
Assets Whose Use is Limited		
By board for future capital improvements:		
Short-term investments	4,088,000	3,126,000
By board for contingency fund:		
Investments, at fair value	<u>1,821,883</u>	<u>1,417,872</u>
Total Assets Whose Use is Limited	<u>5,909,883</u>	<u>4,543,872</u>
Land, Building and Equipment - net	<u>1,641,940</u>	<u>1,745,209</u>
	<u>\$ 12,094,733</u>	<u>\$ 10,453,555</u>

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

CONNECTICUT FOOD BANK, INC.

BALANCE SHEETS (CONTINUED)

JUNE 30, 2011 AND 2010

	2011	2010
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 366,171	\$ 236,303
Accrued vacation	84,694	91,134
Deferred grant revenue	<u>56,480</u>	<u>58,068</u>
Total Current Liabilities	<u>507,345</u>	<u>385,505</u>
Net Assets		
Unrestricted		
Designated by the Governing Board	5,909,883	4,543,872
Undesignated	5,666,505	5,478,542
Temporarily restricted	<u>11,000</u>	<u>45,636</u>
Total Net Assets	<u>11,587,388</u>	<u>10,068,050</u>
	<u>\$ 12,094,733</u>	<u>\$ 10,453,555</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, 2011 AND 2010

	2011	2010
Revenue and Other Support		
Contributions and fundraising	\$ 5,276,187	\$ 5,005,776
Donated food (Note 4)	25,194,497	19,839,017
Governmental grants	1,073,819	1,197,804
Shared maintenance and transportation	943,790	806,707
Buying Club Revenue	620,989	641,704
Storage and handling charges	15,944	15,920
Membership fees	10,271	10,688
Net assets released from restrictions	287,558	189,008
	<u>33,423,055</u>	<u>27,706,624</u>
Expenses		
Program services:		
Food distribution	29,979,137	25,135,308
Public education and awareness	606,399	635,803
Supporting services:		
General and administrative	797,982	850,037
Fundraising	863,170	767,833
	<u>32,246,688</u>	<u>27,388,981</u>
Income From Operating Activities	<u>1,176,367</u>	<u>317,643</u>
Nonoperating Activities		
Gain on disposal of property and equipment	--	20,000
Return on investments	325,695	159,246
Interest income	19,984	52,535
	<u>345,679</u>	<u>231,781</u>
Excess of Revenue and Other Support Over Expenses	<u>\$ 1,522,046</u>	<u>\$ 549,424</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, 2011 AND 2010

	2011	2010
Unrestricted Net Assets		
Excess of revenue and other support over expenses	\$ 1,522,046	\$ 549,424
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	<u>31,928</u>	<u>81,386</u>
Change in Unrestricted Net Assets	<u>1,553,974</u>	<u>1,433,105</u>
Temporarily Restricted Net Assets		
Contributions and program revenue received	252,922	132,791
Net assets released from restrictions	<u>(287,558)</u>	<u>(189,008)</u>
Change in Temporarily Restricted Net Assets	<u>(34,636)</u>	<u>(56,217)</u>
Change in Net Assets	1,519,338	1,376,888
Net Assets - Beginning	<u>10,068,050</u>	<u>8,691,162</u>
Net Assets - Ending	<u>\$ 11,587,388</u>	<u>\$ 10,068,050</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, 2011 AND 2010**

	Year ended June 30, 2011				Year ended June 30, 2010					
	Program Services		Supporting Services		Program Services		Supporting Services			
	Food Distribution	Public Education and Awareness	General and Administrative	Fundraising	Total	Food Distribution	Public Education and Awareness	General and Administrative	Fundraising	Total
Salaries and Related Expenses										
Salaries	\$ 1,564,609	\$ 324,711	\$ 404,019	\$ 175,468	\$ 2,468,807	\$ 1,192,373	\$ 381,187	\$ 416,212	\$ 150,191	\$ 2,139,963
Employee benefits	232,553	47,237	58,138	25,435	363,363	184,875	50,695	57,806	21,477	314,853
Payroll taxes	139,189	30,931	35,349	15,465	220,934	105,881	32,310	36,324	12,929	187,444
Total Salaries and Related Expenses	1,936,351	402,879	497,506	216,368	3,053,104	1,483,129	464,192	510,342	184,597	2,642,260
Food Distribution and Warehouse Expenses										
Food distributed	24,590,707	--	--	--	24,590,707	20,692,581	--	--	--	20,692,581
Other food purchases	1,666,731	--	--	--	1,666,731	1,530,071	--	--	--	1,530,071
Freight	736,377	--	--	--	736,377	526,762	--	--	--	526,762
Maintenance and repairs	165,488	9,851	11,821	9,851	197,011	152,185	9,059	10,870	9,059	181,173
Utilities/occupancy	125,369	7,462	8,955	7,462	149,248	129,997	7,738	9,285	7,738	154,758
Truck maintenance and fuel	161,384	--	--	--	161,384	108,731	--	--	--	108,731
Rent	76,080	--	--	--	76,080	76,080	--	--	--	76,080
Storage and handling	66,515	--	--	--	66,515	71,738	--	--	--	71,738
Total Food Distribution and Warehouse Expenses	27,608,651	17,313	20,776	17,313	27,664,053	23,288,145	16,797	20,155	16,797	23,341,894
Other Expenses										
Fundraising activities and expenses	--	11,625	--	593,816	593,816	--	11,036	--	536,470	536,470
Depreciation and amortization	195,301	--	13,950	11,625	232,501	185,397	--	13,243	11,036	220,712
Professional fees	--	5,462	211,350	--	211,350	--	--	212,466	--	212,466
Insurance	81,936	75,255	16,387	5,462	109,247	59,542	9,160	18,321	4,580	91,603
Public relations	--	65,786	--	--	65,786	--	46,407	--	--	46,407
Travel and meetings	--	9,093	--	--	9,093	--	51,853	--	--	51,853
Office supplies and expenses	59,103	13,639	13,639	9,093	90,928	35,438	11,327	12,371	4,465	63,601
Postage and printing	34,117	10,498	2,624	5,249	52,488	29,944	9,571	10,452	3,773	53,740
Telephone	35,747	4,766	4,766	2,383	47,662	29,783	9,520	10,396	3,752	53,451
Other administrative	--	--	5,342	--	5,342	--	--	29,744	--	29,744
Dues and subscriptions	24,609	3,281	3,281	1,641	32,812	18,976	5,940	6,528	2,363	33,807
Provision for bad debts	--	--	7,920	--	7,920	--	--	1,727	--	1,727
Staff training	3,306	441	441	220	4,408	--	--	4,292	--	4,292
Interest	16	--	--	--	16	4,954	--	--	--	4,954
Total Other Expenses	434,135	186,207	279,700	629,489	1,529,531	364,034	154,814	319,540	566,439	1,404,827
Total	\$ 29,979,137	\$ 606,399	\$ 797,982	\$ 863,170	\$ 32,246,688	\$ 25,135,308	\$ 635,803	\$ 850,037	\$ 767,833	\$ 27,388,981

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, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities		
Change in net assets	\$ 1,519,338	\$ 1,376,888
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	232,501	220,712
Net realized and unrealized gain on investments	(307,589)	(138,554)
Net change in donated food inventory	(603,790)	23,583
Gain on disposal of property and equipment	--	(20,000)
Changes in assets and liabilities:		
Accounts receivable	(112,685)	(43,300)
Grants receivable	37,378	3,895
Prepaid expenses and other	12,307	14,049
Other inventory	(114,490)	(43,430)
Accounts payable and accrued expenses	129,868	52,000
Accrued vacation	(6,440)	19,083
Deferred grant revenue	(1,588)	2,524
Net Cash Provided by Operating Activities	784,810	1,467,450
Cash Flows from Investing Activities		
Purchases of property and equipment	(129,232)	(230,910)
Net purchases of short term investments	(31,431)	(2,104,790)
Proceeds from sale of investments	905,471	1,092,534
Purchases of investments	(1,001,893)	(1,164,623)
Net Cash Used in Investing Activities	(257,085)	(2,407,789)
Cash flows from Financing Activities		
Repayment of long-term debt	--	(221,913)
Net Change in Cash and Cash Equivalents	527,725	(1,162,252)
Cash and Cash Equivalents - Beginning	804,810	1,967,062
Cash and Cash Equivalents - Ending	\$ 1,332,535	\$ 804,810
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ 16	\$ 5,495

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, 2011 AND 2010

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, 2011 AND 2010

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 and unrealized 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.

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, an operating reserve, 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, 2011 AND 2010

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, 2011 AND 2010

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 4, 2011, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2011, have been incorporated into these financial statements herein.

NOTE 2 - INVESTMENTS

Long-term investments, recorded in the balance sheet as assets whose use is limited, 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:

	2011	2010
Cash and money market funds	\$ 91,478	\$ 61,823
Equities	698,847	529,899
Exchange traded / Closed End Funds	638,029	512,807
Government securities	218,481	169,232
Mutual Funds	166,039	136,248
Corporate bonds	9,009	7,863
	<u>\$ 1,821,883</u>	<u>\$ 1,417,872</u>

Other short-term investments consist of fund held in bank certificates of deposit, for which the cost approximates the fair value.

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 2 - INVESTMENTS (CONTINUED)

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

	2011	2010
Interest and dividends	\$ 18,106	\$ 20,694
Realized gain (loss)	<u>79,059</u>	<u>(50,804)</u>
	97,165	(30,110)
Unrealized gain	<u>228,530</u>	<u>189,356</u>
	<u>\$ 325,695</u>	<u>\$ 159,246</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, 2011 AND 2010

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.

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

	2011		
	Level 1	Level 2	Total
Cash and money market funds	\$ 91,478	\$ --	\$ 91,478
Corporate bonds	--	9,009	9,009
Equities	698,847	--	698,847
Government securities	218,481	--	218,481
Mutual Funds	166,039	--	166,039
Exchange Traded / Closed End Funds	<u>638,029</u>	<u>--</u>	<u>638,029</u>
	<u>\$ 1,812,874</u>	<u>\$ 9,009</u>	<u>\$ 1,821,883</u>

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 2 - INVESTMENTS (CONTINUED)

	2010		
	Level 1	Level 2	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	<u>512,807</u>	<u>--</u>	<u>512,807</u>
	<u>\$ 1,410,009</u>	<u>\$ 7,863</u>	<u>\$ 1,417,872</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, 2011 AND 2010

NOTE 4 - INVENTORY, DONATED FOOD DISTRIBUTED

Inventory consists of the following at June 30:

	2011	2010
Donated food	\$ 353,209	\$ 600,528
TEFAP commodities	1,127,416	276,307
Purchased food	<u>254,964</u>	<u>140,474</u>
	<u>\$ 1,735,589</u>	<u>\$ 1,017,309</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 \$1.66 in 2011 and \$1.60 in 2010 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, 2011 AND 2010

NOTE 4 - INVENTORY, DONATED FOOD DISTRIBUTED (CONTINUED)

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 \$571,547 and \$560,383 for the years ended June 30, 2011 and 2010, respectively.

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

	2011		2010	
	Pounds	Average Wholesale Value	Pounds	Average Wholesale Value
Inventory, beginning of year	375,331	\$ 600,528	569,885	\$ 900,418
Donated food received	<u>7,555,584</u>	<u>12,542,269</u>	<u>7,418,513</u>	<u>11,869,620</u>
	<u>7,930,915</u>	<u>13,142,797</u>	<u>7,988,398</u>	<u>12,770,038</u>
Less:				
Food distributed	(6,852,177)	(11,374,614)	(6,807,925)	(10,892,680)
Food shrinkage and adjustments	<u>(865,960)</u>	<u>(1,414,974)</u>	<u>(805,142)</u>	<u>(1,276,830)</u>
	<u>(7,718,137)</u>	<u>(12,789,588)</u>	<u>(7,613,067)</u>	<u>(12,169,510)</u>
Inventory, ending of year	<u>212,778</u>	<u>\$ 353,209</u>	<u>375,331</u>	<u>\$ 600,528</u>

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 4 - INVENTORY, DONATED FOOD DISTRIBUTED (CONTINUED)

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

	2011		2010	
	Pounds	Average Wholesale Value	Pounds	Average Wholesale Value
Inventory, beginning of year	172,692	\$ 276,307	507,782	\$ 802,295
TEFAP commodities received	7,621,824	12,652,228	4,980,873	7,969,397
	7,794,516	12,928,535	5,488,655	8,771,692
Less:				
Food distributed	(7,090,625)	(11,770,438)	(5,290,987)	(8,465,579)
Food shrinkage and adjustments	(24,725)	(30,681)	(24,976)	(29,806)
	(7,115,350)	(11,801,119)	(5,315,963)	(8,495,385)
Inventory, ending of year	679,166	\$ 1,127,416	172,692	\$ 276,307

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 5 - LAND, BUILDING AND EQUIPMENT AND DEPRECIATION

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

	2011	2010
Land	\$ 215,743	\$ 215,743
Building and improvements	2,770,209	2,760,518
Leasehold improvements	80,967	80,967
Furniture and equipment	990,494	923,165
Vehicles	617,774	565,561
	<u>4,675,187</u>	<u>4,545,954</u>
Less, accumulated depreciation and amortization	<u>3,033,247</u>	<u>2,800,745</u>
	<u>\$ 1,641,940</u>	<u>\$ 1,745,209</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, 2011 AND 2010

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 and \$76,080 for the years ended June 30, 2011 and 2010, respectively.

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

2012	\$	76,080
2013		<u>19,020</u>
	\$	<u>95,100</u>

CONNECTICUT FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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	
			2011	2010	2011	2010
State of Connecticut: Department of Social Services: State Supplemental Nutrition Assistance Program (SSNAP)	\$ 604,422 \$ 722,061 \$ 737,451	October 1, 2010 - September 30, 2011 October 1, 2009 - September 30, 2010 October 1, 2008 - September 30, 2009	\$ 396,835 254,116 --	\$ 467,945 249,226 --	\$ 56,480 -- --	-- 33,111 --
The Emergency Food Assistance Program (TEFAP)	\$ 333,179 \$ 337,106 \$ 333,179	October 1, 2010 - September 30, 2011 October 1, 2009 - September 30, 2010 October 1, 2008 - September 30, 2009	249,884 85,328 --	251,778 83,294 --	-- -- --	-- -- --
The Emergency Food Assistance Program (TEFAP) under funding received from The American Recovery and Reinvestment Act	\$ 465,654	April 1, 2009 - December 31, 2010	119,584	219,443	--	24,957
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	--	--
Totals			\$ 1,105,747	\$ 1,279,190	\$ 56,480	\$ 58,068