



The Food Drive Inc.

Financial Statements with Report of Independent Auditors

December 31, 2022

Report of Independent Auditors

To the Board of Directors of
The Food Drive Inc.:

Opinion

We have audited the accompanying financial statements of The Food Drive Inc., which comprise the statement of financial position as of December 31, 2022, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Food Drive Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the financial statements section of our report. We are required to be independent of The Food Drive Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Food Drive Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Food Drive Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Food Drive Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Novogradac & Company LLP

Boston, MA
November 15, 2023

THE FOOD DRIVE INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

Cash and cash equivalents	\$ <u>79,047</u>
Total assets	\$ <u><u>79,047</u></u>

NET ASSETS

Without donor restrictions	\$ <u>79,047</u>
Total net assets	\$ <u><u>79,047</u></u>

see accompanying notes

THE FOOD DRIVE INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS			
REVENUE AND OTHER SUPPORT			
Contributions	\$ 92,358	\$ -	\$ 92,358
Government grants	25,000	-	25,000
Fundraising event	50,797	-	50,797
In-kind food rescue	<u>435,057</u>	<u>-</u>	<u>435,057</u>
 Total revenue and other support	 603,212	 -	 603,212
EXPENDITURES			
Program services	525,937	-	525,937
Administrative and support	-	-	-
Fundraising event	8,248	-	8,248
Total expenditures	<u>534,185</u>	<u>-</u>	<u>534,185</u>
 Change in net assets from operations	 <u>69,027</u>	 <u>-</u>	 <u>69,027</u>
 CHANGE IN NET ASSETS	 69,027	 -	 69,027
 NET ASSETS AT BEGINNING OF YEAR	 <u>10,020</u>	 <u>-</u>	 <u>10,020</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 79,047</u>	 <u>\$ -</u>	 <u>\$ 79,047</u>

see accompanying notes

THE FOOD DRIVE INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022

EXPENDITURES	Program Services	Administrative and Support	Fundraising	Total
Salaries and benefits	\$ 64,000	\$ -	\$ -	\$ 64,000
Office expenses	2,442	-	-	2,442
Professional services	1,616	-	-	1,616
Advertising	4,107	-	-	4,107
Finance fees	8	-	-	8
Information technologies	588	-	-	588
Insurance	1,146	-	-	1,146
Transportation	2,658	-	-	2,658
Telephone	912	-	-	912
Utilities	4,056	-	-	4,056
Repairs and maintenance	1,877	-	-	1,877
Volunteer expenses	1,274	-	-	1,274
Food purchases	5,995	-	-	5,995
In-kind food rescue	435,057	-	-	435,057
Fundraising event	-	-	8,248	8,248
Other	201	-	-	201
	<u>201</u>	<u>-</u>	<u>-</u>	<u>201</u>
 Total expenditures	 <u>\$ 525,937</u>	 <u>\$ -</u>	 <u>\$ 8,248</u>	 <u>\$ 534,185</u>

see accompanying notes

THE FOOD DRIVE INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	<u>\$ 69,027</u>
Net change in cash, cash equivalents and restricted cash	69,027
Cash, cash equivalents and restricted cash at beginning of year	<u>10,020</u>
Cash, cash equivalents and restricted cash at end of year	<u><u>\$ 79,047</u></u>

see accompanying notes

THE FOOD DRIVE INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

1. Organization

The Food Drive Inc. (the “Organization”) is a Massachusetts nonprofit public benefit organization classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. The Organization was organized in Melrose, Massachusetts to promote food access, food justice, and climate action. The Organization partners with commercial and community sources to rescue wholesome food that would otherwise go to waste and deliver it directly to local pantries, programs, and people within an approximate five-mile radius. A significant portion of the rescued food is fresh produce, helping to bridge the shortage of healthy food available to people in poverty.

2. Summary of significant accounting policies

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

Concentration of credit risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

THE FOOD DRIVE INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

2. Summary of significant accounting policies (continued)

Contributions and pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

As of December 31, 2022, the Organization has no contributions receivable.

Fixed assets and depreciation

Purchases of property, equipment or improvements costing more than \$1,000 are recorded at cost. Major improvements are charged to the fixed asset account, while maintenance and repairs, which do not extend the life of the respective assets, are expensed. When fixed assets are retired or otherwise disposed of, the cost of the fixed asset and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in income. As of December 31, 2022, there were no fixed assets.

Income taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from Massachusetts income and franchise taxes.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Organization are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of in-kind food and supplies are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

THE FOOD DRIVE INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

2. Summary of significant accounting policies (continued)

Fair value measurements

The Organization applies the accounting provisions related to fair value measurements. These provisions define fair value as 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, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Unobservable inputs that reflect the Organization's own assumptions.

The following tables present the Organization's assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of December 31, 2022.

	Level 1	Level 2	Level 3	Fair Value Measurements
Assets				
In-kind food rescue	\$ 435,057	\$ -	\$ -	\$ 435,057
Total assets	<u>\$ 435,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,057</u>

Revenue recognition

Revenue resulting from special events, fees charged by the Organization and other income is recognized when performance obligations are met.

Economic concentrations

The Organization receives a significant amount of revenue from in-kind food donations and the general public. The continued success of the Organization in fulfilling its mission is dependent upon these revenue sources.

Functional expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services, administrative and support, and fundraising services benefited. Such allocations are determined by management on an equitable basis.

THE FOOD DRIVE INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

2. Summary of significant accounting policies (continued)

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Office expenses	Time and effort
Professional services	Time and effort
Advertising	Time and effort
Finance fees	Time and effort
Insurance	Time and effort
Transportation	Time and effort
Telephone	Time and effort
Utilities	Time and effort
Repairs and maintenance	Time and effort
Volunteer expenses	Time and effort
Food purchases	Time and effort
In-kind food rescue	Time and effort
Other	Time and effort

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Organization. The primary expenses include salaries and benefits, and in-kind food donations. Salaries and benefits allocation is based on most of the staff's time allocated to food rescue.

Advertising

Advertising costs are expensed as incurred. For the year ended December 31, 2022 the Organization incurred \$4,107 in advertising costs.

Subsequent events

Subsequent events have been evaluated through November 15, 2023, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.