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**MY BROTHER'S TABLE, INC.**

**REPORT ON AUDIT  
OF FINANCIAL STATEMENTS**

**MARCH 31, 2014 AND 2013**

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**MY BROTHER'S TABLE, INC.**

REPORT ON AUDIT OF FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

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**Bernard, Johnson & Company, P.C.**  
Certified Public Accountants and Business Advisors

2014  
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
My Brother's Table, Inc.

We have audited the accompanying financial statements of My Brother's Table, Inc. (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of March 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of My Brother's Table, Inc. as of March 31, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

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**Report on Summarized Comparative Information**

We have previously audited My Brother's Table, Inc.'s 2013 financial statements, and our report dated August 14, 2013, expressed an unqualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Barard Johnson & Company P.C.*

Topsfield, Massachusetts  
August 26, 2014

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MY BROTHER'S TABLE, INC.

STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents, substantially all in interest bearing accounts	\$ 904,903	\$ 100,775
Investments	334,808	174,800
Contributions receivable	-	950,000
Inventories, at the lower of cost or fair market value	65,427	44,314
Deposit and prepaid expenses	21,465	22,037
Cash restricted for long-term investment	-	20,000
Investments restricted for long-term investment	91,712	65,742
Fixed assets, net	<u>73,206</u>	<u>77,047</u>
 TOTAL ASSETS	 <u>\$ 1,491,521</u>	 <u>\$ 1,454,715</u>

LIABILITIES AND NET ASSETS

Liabilities -		
Accounts payable and accrued expenses	<u>\$ 44,943</u>	<u>\$ 47,915</u>
Net assets:		
Unrestricted:		
Operating	229,347	284,096
Board-designated	994,375	950,000
Temporarily restricted	148,931	98,779
Permanently restricted	<u>73,925</u>	<u>73,925</u>
 Total net assets	 <u>1,446,578</u>	 <u>1,406,800</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,491,521</u>	 <u>\$ 1,454,715</u>

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

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MY BROTHER'S TABLE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2014  
*(with comparative totals for 2013)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total
<b>SUPPORT AND REVENUES:</b>					
In-kind donations	\$ -	\$ 526,793	\$ -	\$ 526,793	\$ 325,821
Contributions, promises to give and memorials	477,345	31,251	-	508,596	1,370,138
Special events, net of costs of direct benefits	69,176	-	-	69,176	72,852
Grants	21,720	26,500	-	48,220	45,500
Net gain on investments	17,992	6,612	-	24,604	19,436
Investment income	10,165	-	-	10,165	9,144
	596,398	591,156	-	1,187,554	1,842,891
Net assets released from program restrictions	541,004	(541,004)	-	-	-
<b>Total support and revenues</b>	<b>1,137,402</b>	<b>50,152</b>	<b>-</b>	<b>1,187,554</b>	<b>1,842,891</b>
<b>EXPENSES:</b>					
<b>PROGRAM SERVICES:</b>					
Food	806,243	-	-	806,243	626,575
Volunteer	57,984	-	-	57,984	52,209
Advocacy	55,525	-	-	55,525	55,125
<b>Total program services</b>	<b>919,752</b>	<b>-</b>	<b>-</b>	<b>919,752</b>	<b>733,909</b>
<b>SUPPORT SERVICES:</b>					
Management and general	114,179	-	-	114,179	99,838
Fundraising	113,845	-	-	113,845	81,741
<b>Total support services</b>	<b>228,024</b>	<b>-</b>	<b>-</b>	<b>228,024</b>	<b>181,579</b>
<b>Total expenses</b>	<b>1,147,776</b>	<b>-</b>	<b>-</b>	<b>1,147,776</b>	<b>915,488</b>
<b>CHANGE IN NET ASSETS</b>	<b>(10,374)</b>	<b>50,152</b>	<b>-</b>	<b>39,778</b>	<b>927,403</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,234,096</b>	<b>98,779</b>	<b>73,925</b>	<b>1,406,800</b>	<b>479,397</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,223,722</b>	<b>\$ 148,931</b>	<b>\$ 73,925</b>	<b>\$ 1,446,578</b>	<b>\$ 1,406,800</b>

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

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MY BROTHER'S TABLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2014  
*(with comparative totals for 2013)*

	Food	Volunteer	Advocacy	Management and General	Fundraising	2014 Totals	2013 Totals
Direct food costs:							
Food	\$ 497,879	\$ -	\$ -	\$ -	\$ -	\$ 497,879	327,165
Supplies	34,904	-	-	-	-	34,904	30,923
Salaries	39,667	-	-	-	-	39,667	37,244
Total direct food costs	572,450	-	-	-	-	572,450	395,332
Payroll costs:							
Salaries and wages	71,812	31,464	34,431	50,433	60,463	248,603	220,764
Payroll taxes and benefits	31,940	9,016	9,865	14,450	17,325	82,596	65,828
Total payroll costs	103,752	40,480	44,296	64,883	77,788	331,199	286,592
Other costs:							
Occupancy	96,784	4,730	4,730	5,912	4,730	116,886	116,688
Printing and postage	-	-	-	2,559	10,765	13,324	15,015
Depreciation	7,764	197	197	196	196	8,550	8,208
Repairs and maintenance	6,393	-	-	409	-	6,802	8,422
Other program costs	9,689	7,756	1,090	4,410	2,200	25,145	23,332
Insurance	8,201	993	993	1,242	993	12,422	10,769
Professional fees	-	-	-	10,745	-	10,745	14,310
Office expense	47	3,500	3,860	23,297	16,543	47,247	38,832
Telephone	1,163	328	359	526	630	3,006	2,605
Total other costs	130,041	17,504	11,229	49,296	36,057	244,127	238,181
Total expenses	\$ 806,243	\$ 57,984	\$ 55,525	\$ 114,179	\$ 113,845	\$ 1,147,776	\$ 920,105

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

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MY BROTHER'S TABLE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 39,778	\$ 927,403
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,550	8,208
Unrealized gain in market value of investments	(17,488)	(13,615)
Realized gain on sale of investments	(7,116)	(5,821)
Cash provided by (used in) changes in:		
Contributions receivable	950,000	(950,000)
Inventories	(21,113)	(14,979)
Deposit and prepaid expenses	572	(6,797)
Accounts payable and accrued expenses	(2,972)	2,049
	<u>950,211</u>	<u>(53,552)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to property and equipment	(3,710)	(2,953)
Proceeds of investment sales	26,494	66,379
Purchases of investments	(168,867)	(43,089)
	<u>(146,083)</u>	<u>20,337</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>804,128</b>	<b>(33,215)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>100,775</u>	<u>133,990</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 904,903</u>	<u>\$ 100,775</u>

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



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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013

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1. **OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES:**

**OPERATIONS:**

My Brother's Table, Inc., "The Table," (a Massachusetts corporation, not for profit) is a social service agency supporting the poor and hungry of Lynn, Massachusetts and surrounding communities through its food, volunteer, and advocacy programs. The Table's programs include:

**Food Programs** - The Table served over 126,000 free meals last year. Dinner is served 365 days a year and lunch is served Monday through Friday. These meals are served by volunteer groups and individuals. In addition to free meals served on-site, the Table provides meals to those held in the city jail each weekend and holidays; to those who are homebound due to chronic illness or disability; and served to seniors through the Greater Lynn Senior Services supper club.

**Volunteer Programs** - The Table coordinates the scheduling of hundreds of volunteer groups and individuals in administering its food programs. In addition, the Table provides supervised placements for people of all ages performing court-ordered community service. Still others are placed at the Table for job training experience at no cost to the Table.

**Advocacy Programs** - The Table makes hundreds of referrals each year to other agencies and programs so that guests might receive necessary services. The Table participates in several local coalitions that support the rights, as well as, the health and nutritional needs of Lynn residents including Lynn PACT, Lynn Nonprofit Business Association and the Lynn Hunger Network. The Table also operates a free episodic health care clinic that provides immunizations, wellness testing and instruction, over the counter medications, wound care, foot care and other short-term medical treatment.

**SIGNIFICANT ACCOUNTING POLICIES:**

**Comparative Financial Statements**

The financial statements include certain prior-year summarized comparative information in total by not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Table's financial statements ended March 31 of the prior year, from which the summarized information was derived.

**Management's Review**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through August 26, 2014, the date the financial statements were available to be issued.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)

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**SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Cash Equivalents**

For the purpose of presentation in the statements of cash flows, the Table considers liquid temporary investments with original maturities of 90 days or less to be cash equivalents. Cash equivalents consist of money market accounts. The Table maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Table has not experienced any losses in such accounts. The Table believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Financial Statement Presentation**

The Table reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor imposed restrictions as follows:

- Unrestricted net assets represent the portion of net assets of the Table that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Table is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Table pursuant to those stipulations.
- Temporarily restricted net assets also include, under Massachusetts law, cumulative appreciation and reinvested gains on permanently restricted endowment funds that are subject to prudent appropriation by the Board of Directors in accordance with provisions of Massachusetts law.
- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Table is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Table.

**Investments**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements). The three levels of the fair value hierarchy are described below:

**Level I:** are quoted prices in active markets for identical investments at the reporting date. The type of investments generally included in this category includes listed equities and mutual funds.

**Level II:** are inputs (other than quoted prices in active markets included within Level I), which are either directly or indirectly observable at the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds, less liquid and restricted equity securities, and certain over-the-counter derivatives.

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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)

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**SIGNIFICANT ACCOUNTING POLICIES** *(continued)*:

**Investments** *(continued)*

**Level III:** are unobservable inputs for the investment and include situations where there is little, if any, market activity for the investment. Investments which are generally included in this category include private equity funds, hedge funds, partnerships and limited liability companies.

All investments include listed equity or debt instruments which are publicly traded, and whose fair value is therefore classified and disclosed as Level I. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment income, primarily interest and dividends, is recorded when earned and considered available for unrestricted use unless otherwise restricted by the donor. Realized and unrealized gains and losses are determined on the basis of specific identification and recognized on a trade-date basis.

**Contribution and Grant Revenue**

Unrestricted contributions are recorded as public support and unrestricted net assets when received. Grants and contributions received with restrictions placed on their designated program use are recorded in the accompanying financial statements as temporarily restricted net assets. Grants and contributions received with restrictions placed on their use for the purchase of long-lived assets are recorded in the accompanying financial statements as temporarily restricted net assets. Grant revenue is recorded over the period covered by the grant as expenses related directly to the grant are incurred, or in the case of grants for the purchase of long-lived assets, revenue is recorded over the related useful life of the asset purchased.

It is the Table's policy to apply a time restriction, based on a long-lived asset's useful life, on donations to be used to acquire long-lived assets. Accordingly, those donations are recorded as increases in temporarily restricted net assets. The Table reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation expense relating to the long-lived asset.

**Unconditional Promises to Give**

Unconditional promises to give (contributions) are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. All pledges are expected to be collected in less than one year.

**In-kind Food Donations and Food Inventories**

The Table provides a daily dinner program and an additional weekday lunch program on site, a dinner shuttle program for those individuals who are unable to come to the Table's dining room because of chronic illness or disability, and issues surplus food to other community non-profit agencies. Donated food and related supplies are solicited and goods are received, stored and prepared for program use at The Table. Upon receipt of certain foods, specifically those received from the Greater Boston Food Bank, The Table receives an invoice indicating the contents and fair market value of the donation. All other foods and related supplies received, including catered meals provided and served by volunteer organizations, are valued at their fair market value obtained by reference to supplier price lists by product weight.

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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)

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**SIGNIFICANT ACCOUNTING POLICIES *(continued)*:**  
**In-kind Food Donations and Food Inventories *(continued)***

At March 31, 2014 and 2013, the fair value of food and related supply inventories in storage was \$65,427 and \$44,314, respectively.

In-kind food, meals and kitchen supplies are reflected in the accompanying financial statements, based upon the fair value assigned, as temporarily restricted in-kind donations.

**Donated Services**

The success of The Table's food programs is dependent upon the non-specialized services of volunteers from the community, area schools and churches in the preparation and delivery of meals. The value of these particular services has not been recorded in the accompanying financial statements because the criteria for recognition of such volunteer effort under generally accepted accounting principles have not been satisfied.

During the fiscal years ended March 31, 2014 and 2013, the Table received donated professional services (legal, medical, financial and other) in the amount of \$14,489 and \$17,354, respectively. These contributions are reflected in in-kind contributions and other program costs in the related Statement of Activities and Statement of Functional Expenses, respectively.

**Depreciation**

Property and equipment acquisitions are recorded at cost or, if contributed, at fair market value. The Table provides for depreciation of its fixed assets using accelerated and straight-line methods over estimated useful lives of five to thirty one and one half years. Purchases of capital goods exceeding \$1,000 are capitalized.

Maintenance and repairs are charged to expense in the period incurred. The cost and accumulated depreciation of assets retired or sold are removed from the statement of financial position and any gain or loss is credited or charged to income.

**Impairment of Long-Lived Assets**

The Table has given consideration to impairment of its long-lived assets in its presentation of these financial statements. The Table has not recognized any reduction in the carrying value of its property.

**Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Tax Status**

The Table was incorporated under the provisions of Chapter 180 of the General Laws of the Commonwealth of Massachusetts. The Table is a nonprofit organization exempt from federal income taxes (not a private foundation) under section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to The Table within the Internal Revenue Code regulations. Information returns filed for the fiscal years 2013, 2012 and 2011 remain subject to review by the Internal Revenue Service and the state of Massachusetts.

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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)

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**SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Uncertainty of Income Taxes**

The primary tax positions made by the Table are the existence of unrelated business income and the Table's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Table currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. For the years presented, the Table has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

**2. CONTRIBUTIONS RECEIVABLE**

During 2010, a donor made a bequest naming the Table a beneficiary of her estate. The donor passed in 2012 and under the terms of the bequest, the Table received a \$994,375 contribution during the 2014 fiscal year.

**3. FIXED ASSETS**

Fixed assets are comprised of the following at March 31, 2014 and 2013:

	2014	2013
Equipment	\$ 136,395	\$ 132,685
Leasehold improvements	117,534	117,534
Office furniture and equipment	62,683	62,684
Delivery vehicles	8,500	8,500
	<u>325,112</u>	<u>321,403</u>
Less accumulated depreciation	251,906	244,356
Fixed assets, net	<u>\$ 73,206</u>	<u>\$ 77,047</u>

**4. INVESTMENTS**

Fair value measurement was determined using Level I inputs and as of March 31, 2014 and 2013 and investments consist of the following:

	2014		2013	
	Cost	Market	Cost	Market
Common stocks	\$ 1,459	\$ 1,646	\$ 1,023	\$ 1,246
Cash equivalents	-	-	4,457	4,457
Equity mutual funds	361,848	414,125	172,796	198,701
Fixed income mutual funds	7,972	10,749	26,633	36,138
	<u>\$371,279</u>	<u>\$426,520</u>	<u>\$204,909</u>	<u>\$240,542</u>

The portfolio is diversified by type of investment and industry concentration so that no individual investment or group of investments represents a significant concentration of market risk.

(Continued)

MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)

**4. INVESTMENTS (continued):**

Net gain on investments for the years ended March 31, 2014 and 2013 is comprised of the following:

	2014	2013
Unrealized gain in market value of investments	\$17,488	\$13,615
Realized gain on sale of investments	7,116	5,821
Net gain on investments	\$24,604	\$19,436

At March 31, 2014 and 2013, investments with a fair value of \$91,712 and \$85,742, respectively, (see below) have been restricted by the donors for long-term investment (endowment). At March 31, 2014 and 2013, there were no deficiencies for donor-restricted endowment funds for which the fair value of the investments was less than the level required by donor stipulation or by law.

**5. BENEFICIAL INTEREST IN PEPETUAL TRUST**

The Table is a named beneficiary of the Joseph L. Amodeo Trust held by a third party trustee for the benefit of the Table and other not-for-profit organizations. The trustee calculates distributions by applying a "yield equivalency rate" (currently up to 4.5%) to the 12 quarter average of the trust's fair market value. Distributions are made quarterly to the beneficiaries and are reported by the Table as unrestricted income. For the years ended March 31, 2014 and 2013, the Table recognized trust income distributions of \$19,339 and \$20,033, respectively.

**6. ASSETS RESTRICTED FOR LONG-TERM INVESTMENT**

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring realized and unrealized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Board and expended. UPMIFA allows the Board to appropriate any amount it deems prudent, in the absence of a donor's expressed intent, after considering the duration and preservation of the net assets, the purpose of the net assets, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the Table, and the Table's investment policy.

The principal value of donor-imposed restricted assets is \$73,925. Changes in permanently restricted net assets were as follows:

	2014		2013	
	Cash	Investments	Cash	Investments
Balance, beginning of year	\$20,000	\$65,742	\$20,000	\$62,457
Transfers	(20,000)	20,000	-	-
Investment income	-	2,785	-	1,923
Realized gain	-	-	-	1,537
Unrealized gain	-	6,685	-	3,325
Appropriation(s) for expenditure	-	(3,500)	-	(3,500)
Balance, end of year	\$ -	\$91,712	\$20,000	\$65,742

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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)

**6. ASSETS RESTRICTED FOR LONG-TERM INVESTMENT (continued)**

Restricted assets are comprised of donor-restricted funds for long-term purposes. The Table invests primary in equity and fixed income mutual funds and money market funds.

Investment income and gains on assets restricted for long-term investment have been classified as temporarily restricted until appropriated for expenditure by the Table's Board of Directors (see Note 7). The Table has been accumulating the investment returns of its permanently restricted investment portfolio and spending the investment returns of its cash portfolio.

To satisfy its rate of return objectives, the Table relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Table maintains a diversified asset allocation across both equity-based and fixed income investments to achieve its long-term objectives within prudent risk constraints.

**7. LEASE COMMITMENT**

The Table leases its premises from the City of Lynn, MA, under the terms of an operating lease which expires April 30, 2017. The lease automatically renews for an additional three year term unless the Table is in default. Monthly base rent and common expense rent under the lease agreement is \$3,046 per month and is adjusted annually for adjustments in CPI. The Table is responsible for its own utilities, waste removal, and insurance.

Future minimum lease obligations, without consideration for annual inflation increases, are \$36,552 per year.

**8. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2014	2013
Inventory to be used in food program	\$65,427	\$44,314
Grants restricted for the purchase of long-lived assets	64,790	39,312
Unappropriated gains on permanently restricted net assets	15,378	11,817
Grants restricted for the purchase of infant formula	3,336	3,336
	<u>\$148,931</u>	<u>\$98,779</u>

Permanently restricted net assets consist of endowment fund assets to be held in perpetuity with income available to support the Table's general program activities (see Note 6).

**9. RETIREMENT PLAN**

The Table offers a SIMPLE (Savings Incentive Match Plan for Employees) retirement plan under section 408(p) of the Internal Revenue Code to all eligible employees. For each calendar year, the Table contributes a matching contribution to each eligible employee's account equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. All contributions to the plan are fully vested and non-forfeitable. For the years ended March 31, 2014 and 2013, the Table made matching contributions of \$6,944 and \$5,158, respectively. Included in accrued expenses at March 31, 2014 and 2013 are \$528 and \$396, respectively, in retirement matching contributions.

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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013

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**10. SIGNIFICANT CONCENTRATIONS OF RISK**

The Table's portfolio of common stocks and mutual funds have a fair market value at March 31, 2014 of \$426,520; representing 29% of its total asset base. The fair market value of these investments is not federal-insured and is subject to market fluctuation.

The Table maintains cash balances at two (2) financial institutions located in Massachusetts. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2014, the Table's uninsured cash balances totaled \$640,951. Management has placed these funds in high quality institutions in order to minimize the risk.

**11. INDEMNIFICATION**

The Table's Articles of Incorporation provide that the Table indemnify its officers and directors for certain events or occurrences that happen by reason of the fact that the officer or director is, was, or has agreed to serve as an officer or director of the Table. The maximum potential amount of future payments the Table could be required to make under these indemnification agreements is unlimited. The Table may also enter into other indemnification agreements in the normal course of business. As of March 31, 2014, the Table had not experienced any losses related to these indemnification obligations, and no claims with respect thereto were outstanding.