



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

**REPORT ON AUDIT  
OF FINANCIAL STATEMENTS**

**MARCH 31, 2020 AND 2019**

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

REPORT ON AUDIT OF FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

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## INDEPENDENT AUDITOR'S 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 nonprofit organization), which comprise the statement of financial position as of March 31, 2020, 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 accounting principles generally accepted in the United States of America; 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.

### **Auditor's Responsibility**

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 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 misstatement 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, 2020, 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.



## Report on Summarized Comparative Information

We have previously audited My Brother's Table, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Topsfield, Massachusetts  
November 5, 2020

MY BROTHER'S TABLE, INC.

STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
Cash and cash equivalents, substantially all in interest bearing accounts	\$ 205,902	\$ 106,251
Investments	938,576	1,024,317
Inventories, at the lower of cost or market value	100,841	90,364
Deposit and prepaid expenses	16,651	18,372
Cash restricted for fiscal agency	109,602	25,595
Cash and investments restricted for long-term investment	107,611	112,348
Fixed assets, net	140,669	142,488
 TOTAL ASSETS	 \$ 1,619,852	 \$ 1,519,735
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities -		
Accounts payable and accrued expenses	\$ 45,464	\$ 50,226
Agency liability	109,602	25,595
 TOTAL LIABILITIES	 155,066	 75,821
Net assets:		
Without donor restrictions:		
Operating	517,999	502,867
Board-designated	735,000	735,000
With donor restrictions	211,787	206,047
 Total net assets	 1,464,786	 1,443,914
 TOTAL LIABILITIES AND NET ASSETS	 \$ 1,619,852	 \$ 1,519,735

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

MY BROTHER'S TABLE, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2020  
*(with comparative totals for 2019)*

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>OPERATING SUPPORT AND REVENUES:</b>				
In-kind donations	\$ -	\$ 559,157	\$ 559,157	\$ 644,338
Contributions, promises to give and memorials	461,931	400	462,331	379,249
Special events, net of costs of direct benefits	233,441	-	233,441	112,526
Grants	25,000	23,138	48,138	15,150
Net gain (loss) on investments	(49,219)	(6,914)	(56,133)	4,841
Investment income, net	23,198	2,177	25,375	23,573
	694,351	577,958	1,272,309	1,179,677
Net assets released from program restrictions	572,218	(572,218)	-	-
Total support and revenues	1,266,569	5,740	1,272,309	1,179,677
<b>OPERATING EXPENSES:</b>				
<b>PROGRAM SERVICES:</b>				
Food	937,810	-	937,810	1,055,500
Volunteer	73,054	-	73,054	71,014
Advocacy	52,093	-	52,093	58,279
Total program services	1,062,957	-	1,062,957	1,184,793
<b>SUPPORT SERVICES:</b>				
Management and general	109,092	-	109,092	119,871
Fundraising	85,616	-	85,616	66,968
Total support services	194,709	-	194,709	186,839
Total operating expenses	1,257,665	-	1,257,665	1,371,632
CHANGE IN NET ASSETS FROM OPERATIONS	8,904	5,740	14,644	(191,955)
<b>NON-OPERATING ACTIVITIES -</b>				
Capital contributions and grants	-	6,228	6,228	-
Net assets released from restrictions, non-operating	6,228	(6,228)	-	-
Total non-operating activities	6,228	-	6,228	-
TOTAL CHANGES IN NET ASSETS	15,132	5,740	20,872	(191,955)
NET ASSETS, BEGINNING OF YEAR	1,237,867	206,047	1,443,914	1,635,869
NET ASSETS, END OF YEAR	\$ 1,252,999	\$ 211,787	\$ 1,464,786	\$ 1,443,914

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

MY BROTHER'S TABLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2020  
*(with comparative totals for 2019)*

	Food	Volunteer	Advocacy	Management and General	Fundraising	2020 Totals	2019 Totals
Direct food costs:							
Food	\$ 533,976	\$ -	\$ -	\$ -	\$ -	\$ 533,976	\$ 647,728
Salaries and contract	43,337	-	-	-	-	43,337	55,753
Supplies	40,384	-	-	-	-	40,384	36,681
Total direct food costs	617,697	-	-	-	-	617,697	740,162
Payroll costs:							
Salaries and wages	107,141	48,229	32,723	42,170	24,451	254,714	248,865
Payroll taxes and benefits	31,414	10,068	6,831	8,805	5,104	62,222	61,942
Total payroll costs	138,555	58,297	39,554	50,975	29,555	316,936	310,807
Other costs:							
Occupancy	117,310	6,234	6,234	7,794	6,234	143,806	141,519
Other program costs	16,794	2,674	676	14,475	16,522	51,141	50,924
Office expense	512	3,181	3,181	22,516	15,841	45,231	42,281
Professional fees	-	-	-	9,285	12,700	21,985	16,942
Depreciation	16,170	523	523	523	523	18,262	22,250
Insurance	12,038	1,459	1,459	1,824	1,459	18,239	19,187
Repairs and maintenance	16,594	-	-	-	-	16,594	13,007
Telephone	2,140	686	466	600	348	4,240	4,363
Printing and postage	-	-	-	1,100	2,434	3,534	10,190
Total other costs	181,558	14,757	12,539	58,117	56,061	323,032	320,663
Costs of direct benefits to donors	-	-	-	-	22,093	22,093	40,584
Total expenses by function	937,810	73,054	52,093	109,092	107,709	1,279,758	1,412,216
Less items included within support and revenues	-	-	-	-	(22,093)	(22,093)	(40,584)
Total expenses per Statement of Activities	\$ 937,810	\$ 73,054	\$ 52,093	\$ 109,092	\$ 85,616	\$ 1,257,665	\$ 1,371,632

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

MY BROTHER'S TABLE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 20,872	\$ (191,955)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	18,262	22,250
Unrealized loss in market value of investments	56,988	5,224
Realized gain on sale of investments	(855)	(10,066)
Cash provided by (used in) changes in:		
Inventories	(10,477)	8,545
Deposit and prepaid expenses	1,721	4,792
Accounts payable and accrued expenses	(4,762)	5,413
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	81,749	(155,796)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(16,443)	(6,842)
Proceeds of investment sales	579,967	246,735
Purchases of investments	(289,453)	(662,942)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	274,071	(423,049)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	355,820	(578,845)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING	279,003	857,848
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, ENDING	\$ 634,823	\$ 279,003

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



MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

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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 220,000 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 meals served on-site, the Table provides meals to those incarcerated by the city each weekend and holidays; to those who are homebound due to chronic illness or disability; to seniors through the Greater Lynn Senior Services Community Café; to families through a community support program; and to young mothers and their children through a community day care center. Once a week, guests can meet with volunteer medical staff through the Table's free medical clinic and receive basic medical care and personal care items. As of February, 2018, the Table also provides meals to guests of the Recuperative Care Center.

**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 and school community service. Still others are placed at the Table for job training experience at no cost to the Table. The Table also sponsors *ServeSafe* certification for community service participants.

**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 CoC, Lynn Nonprofit Business Association, New Lynn Coalition, Lynn Health Task Force 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, 2019, from which the summarized information was derived.

**Management's Review**

Management has evaluated events and transactions for potential recognition or disclosure through November 5, 2020, 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, 2020 AND 2019

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1. **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 classifies net assets, revenues, gains and losses based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions represent the portion of net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated, from net assets without donor restrictions, \$735,000 for future equipment replacement or building acquisition costs.
- Net assets with donor restrictions represent the portion of net assets subject to donor- (or certain grantor-) imposed restrictions. Certain donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources to be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**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 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.

**Level III:** are unobservable inputs for the investment and include situations where there is little, if any, market activity for the investment.

*(Continued)*

MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

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

**Investments** *(continued)*

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**

Contributions, including unconditional promises to give, are recorded as public support and net assets without donor restrictions when received. Grants and contributions received with restrictions placed on their designated program use are recorded in the accompanying financial statements as net assets with donor restrictions.

**Unconditional Promises to Give**

Unconditional promises to give (contributions) are recorded in the financial statements as receivables and revenue of the appropriate net asset category in the year the unconditional promise is made.

**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.

At March 31, 2020 and 2019, the fair value of food and related supply inventories in storage was \$100,841 and \$90,364, 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.

*(Continued)*

MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

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

**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, 2020 and 2019, the Table received donated professional services (legal, medical, financial and other) in the amount of \$43,965 and \$42,154, 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 Table allocates expenses on a functional basis amongst its programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly to those programs. 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. Expenses common to several functions are allocated in accordance with the Organization's indirect costs allocation plan. Supporting services are those costs related to operating and managing the Organization and its programs on a day-to-day basis and are designated as general and administrative.

The allocation of functional expenses is based on management's discretion, time studies and estimates. These variables may change from year to year. As a result, there may be a fluctuation in the comparative presentation of data from year to year.

(Continued)

MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

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

**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 remain subject to review by the Internal Revenue Service and the state of Massachusetts generally for three years from the filing date.

**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. CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	2020	2019
Cash and cash equivalents	\$ 205,902	\$ 106,251
Unrestricted cash equivalents included in investments	369,032	126,221
Restricted cash equivalents included in investments	59,889	46,531
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 634,823</u>	<u>\$ 279,003</u>

**3. FIXED ASSETS**

Fixed assets are comprised of the following at March 31, 2020 and 2019:

	2020	2019
Equipment	\$ 171,444	\$ 167,272
Leasehold improvements	209,576	197,304
Office furniture and equipment	85,666	85,666
Delivery vehicles	42,285	42,285
	<u>508,971</u>	<u>492,527</u>
Less accumulated depreciation	368,302	350,039
Fixed assets, net	<u>\$ 140,669</u>	<u>\$ 142,488</u>

*(Continued)*

MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

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**4. INVESTMENTS**

Fair value measurement was determined using Level I inputs and as of March 31, 2020 and 2019 and investments consist of the following:

	2020		2019	
	Cost	Market	Cost	Market
Cash equivalents	\$ 428,921	\$ 428,921	\$ 172,752	\$ 172,752
Common stocks	132,999	140,069	108,796	130,679
Equity mutual funds, ETFs, CEFs	398,553	389,325	709,892	750,384
Fixed income	78,872	87,872	81,599	82,850
	<u>\$ 1,039,345</u>	<u>\$ 1,046,187</u>	<u>\$ 1,073,039</u>	<u>\$ 1,136,665</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.

Net gain on investments for the years ended March 31, 2020 and 2019 is comprised of the following:

	2020	2019
Unrealized loss in market value of investments	\$ (56,988)	\$ (5,224)
Realized gain (loss) on sale of investments	855	10,065
Net gain on investments	<u>\$ (56,133)</u>	<u>\$ 4,841</u>

At March 31, 2020 and 2019, investments with a fair value of \$107,611 and \$112,348, respectively, (see below) have been restricted by the donors for long-term investment (endowment). At March 31, 2020 and 2019, 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.

Investment income (dividends and interest) is presented net of investment fees of \$10,056 at March 31, 2020.

**5. BENEFICIAL INTEREST IN PERPETUAL 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, 2020 and 2019, the Table recognized trust income distributions of \$17,137 and \$20,019, 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.

*(Continued)*

MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

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

At March 31, 2020, the principal value of donor-imposed restricted assets is \$74,682. Changes in permanently restricted net assets were as follows:

	2020		2019	
	Cash	Investments	Cash	Investments
Balance, beginning of year	\$ 46,531	\$ 65,817	\$ 8,853	\$ 101,836
Transfers/contributions	13,343	(13,343)	37,207	(37,207)
Investment income, net	15	2,162	471	2,169
Realized gain	-	1,927	-	5,358
Unrealized loss	-	(8,841)	-	(6,339)
Appropriation for expenditure	-	-	-	-
Balance, end of year	<u>\$ 59,889</u>	<u>\$ 47,722</u>	<u>\$ 46,531</u>	<u>\$ 65,817</u>

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 8). 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.

**8. LEASE COMMITMENT**

The Table leases its premises from the City of Lynn, MA, under the terms of an operating lease which expires June 30, 2020. 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 occupancy costs.

The future minimum lease obligations, without consideration for annual inflation increases, are \$9,138. The Table is currently negotiating a new lease arrangement.

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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

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**9. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes:

	2020	2019
Inventory to be used in food program	\$ 100,841	\$ 90,364
Unappropriated gains on permanently restricted net assets	32,928	37,665
Grants restricted for the purchase of infant formula	3,336	3,336
	<u>\$ 137,105</u>	<u>\$ 131,365</u>

Permanently restricted net assets of \$74,682 consist of endowment fund assets to be held in perpetuity with income available to support the Table's general program activities (see Note 5).

**10. 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, 2020 and 2019, the Table made matching contributions of \$4,661 and \$4,495, respectively. Included in accrued expenses at March 31, 2020 and 2019 are \$349 and \$336, respectively, in retirement matching contributions.

**11. SIGNIFICANT CONCENTRATIONS OF RISK**

The Table's portfolio of common stocks and mutual funds have a fair market value at March 31, 2020 of \$617,267; representing 38% of its total asset base. The fair market value of these investments is not federal-insured and is subject to market fluctuation.

The Table received approximately 85% and 76% in 2020 and 2019, respectively, of its in-kind revenue from the Greater Boston Food Bank.

**12. RECLASSIFICATIONS**

During the year ended March 31, 2019, the Table implemented ASU 2016-14, *Financial Statements of Not-for-Profit Entities*. Accordingly, the beginning balances of the net assets with donor restrictions (temporarily and permanently restricted) have been retroactively adjusted to consolidate all donor restricted net assets into one classification, *with donor restrictions*. The ASU requires additional disclosures in the areas of liquidity and endowment funds, modifies the direct method presentation of the Statement of Cash Flows, and requires reclassification of investment fees which are netted in investment return (see Note 4). In addition, it requires an adjustment where the Table was previously using the *placed-in-service* approach for long-lived assets to release donor restrictions on gifts to purchase long-lived assets.

During the year ended March 31, 2020, the Table implemented ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The new standard requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The ASU requires additional disclosure to reconcile such totals to the amounts on the balance sheet and disclose the nature of the restrictions.

*(Continued)*



MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

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**13. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 205,902	\$ 106,251
Investments	203,576	289,317
	<u>\$ 409,478</u>	<u>\$ 395,568</u>

Board-designated assets of \$735,000 are not included above due to spending limitations; however, these amounts could be made available, if necessary.

As part of the Table's liquidity management plan, excess cash is invested in common stock, mutual funds, ETFs, CEFs, and fixed income securities.

**14. FUNCTIONAL EXPENSE ALLOCATION**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square foot basis, as well as salaries and wages, payroll taxes and benefits, food, supplies, office expenses, professional fees, insurance, repairs and maintenance, telephone, printing and postage, and other program costs, which are allocated on the basis of time and effort.

**15. INDEMNIFICATION**

The Table's governing document provides 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, 2020, the Table had not experienced any losses related to these indemnification obligations, and no claims with respect thereto were outstanding.

**16. SUBSEQUENT EVENT**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple businesses and organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closing. Management does not expect this matter to impact its short-term operating results. However, longer term financial impacts (if any) and duration of the outbreak cannot be reasonably estimated at this time.