

Food Gatherers

**Annual Financial Statements and
Auditors' Report**

June 30, 2009

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Independent Auditors' Report

Management and the Board of Directors
Food Gatherers
Ann Arbor, Michigan

We have audited the accompanying statement of financial position of Food Gatherers (a Michigan nonprofit organization) (the "Organization") as of June 30, 2009 and the related statement of activities and changes in net assets, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Organization for the year ended June 30, 2008, were audited by other auditors whose report thereon, dated October 6, 2008, expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Gatherers as of June 30, 2009 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.

Yeo & Yeo, P.C.

Ann Arbor, Michigan
October 15, 2009

Food Gatherers
Statement of Financial Position
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,447,891	\$ 2,022,952
Unconditional promises to give, net (see Note 3)	155,287	185,648
Accounts receivable, net	70,898	78,736
Inventory	79,716	110,930
Note receivable (see Note 5)	6,601	2,662
Total current assets	<u>2,760,393</u>	<u>2,400,928</u>
Long term assets		
Note receivable, less current portion (see Note 5)	26,312	32,913
Unconditional promises to give, net of discount (see Note 3)	52,210	84,066
Property and equipment, net (see Note 6)	2,075,013	2,166,996
Total long term assets	<u>2,153,535</u>	<u>2,283,975</u>
 Total assets	 <u>\$ 4,913,928</u>	 <u>\$ 4,684,903</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 40,301	\$ 30,834
Accrued liabilities	34,200	28,060
Deferred revenue	33,920	92,011
Notes payable (see Note 7)	15,666	14,881
Capital lease obligation (see Note 8)	15,960	15,960
Total current liabilities	<u>140,047</u>	<u>181,746</u>
 Note payable, net of current portion (see Note 7)	 52,725	 68,524
Capital lease obligation, net of current portion (see Note 8)	25,359	39,213
Total long term liabilities	<u>78,084</u>	<u>107,737</u>
 Total liabilities	 <u>218,131</u>	 <u>289,483</u>
Net Assets		
Unrestricted		
Operating	1,432,048	1,168,743
Property and equipment	2,075,013	2,166,996
Board designated	969,849	789,967
Unrestricted net assets	<u>4,476,910</u>	<u>4,125,706</u>
 Temporarily restricted (see Note 9)	 218,887	 269,714
Total net assets	<u>4,695,797</u>	<u>4,395,420</u>
 Total liabilities and net assets	 <u>\$ 4,913,928</u>	 <u>\$ 4,684,903</u>

See accompanying Notes to the Financial Statements

Food Gatherers
Statement of Activities and Changes in Net Assets
For the Years Ended June 30, 2009
(With comparative totals for the year ended June 30, 2008)

	Unrestricted	Temporary Restricted	Total	
			2009	2008
Revenues and support				
Grants	\$ 506,508	\$ -	\$ 506,508	\$ 496,184
Contributions	1,058,916	96,880	1,155,796	903,873
Donated goods and services (see Note 10)	5,208,678	-	5,208,678	6,237,089
Special events	285,152	26,173	311,325	289,750
Food bank sales	380,141	-	380,141	305,945
Interest and dividends	40,125	-	40,125	54,898
Other	3,233	-	3,233	1,002
Total revenues and support	7,482,753	123,053	7,605,806	8,288,741
Net assets released from restrictions	173,880	(173,880)	-	-
Total revenues, gains, and other support	7,656,633	(50,827)	7,605,806	8,288,741
Expenses				
Program services				
Food rescue and distribution	6,617,811	-	6,617,811	7,351,887
Community kitchen	260,616	-	260,616	243,938
Job training	89,842	-	89,842	62,793
Supporting services				
Management and general	186,012	-	186,012	153,128
Fund-raising	151,148	-	151,148	144,757
Total expenses	7,305,429	-	7,305,429	7,956,503
Increase (decrease) in net assets	351,204	(50,827)	300,377	332,238
Net assets beginning of year	4,125,706	269,714	4,395,420	4,063,182
Net assets end of year	\$ 4,476,910	\$ 218,887	\$ 4,695,797	\$ 4,395,420

See accompanying Notes to the Financial Statements

Food Gatherers
Statement of Functional Expenses
For the Year Ended June 30, 2009
(With comparative totals for the year ended June 30, 2008)

					Supporting Services		2009	2008
	Food Bank Food Rescue	Community Kitchen	Job Training	Total Program Services	Management & General	Fund-Raising		
Grants and allocations to others	\$ 4,280	\$ -	\$ -	\$ 4,280	\$ -	\$ -	\$ 4,280	\$ 4,080
Cost of food distributed	664,456	21,127	32,702	718,285	-	-	718,285	563,960
	668,736	21,127	32,702	722,565	-	-	722,565	568,040
Employee compensation								
Wages	321,928	159,637	39,134	520,699	80,482	74,733	675,914	616,698
Fringe benefits	25,159	20,029	4,549	49,737	6,290	5,840	61,867	50,497
Pension	5,022	2,490	610	8,122	1,255	1,166	10,543	9,228
Payroll taxes	21,833	17,304	3,889	43,026	5,458	5,068	53,552	46,707
	373,942	199,460	48,182	621,584	93,485	86,807	801,876	723,130
Other expenses								
Accounting fees	-	-	-	-	11,940	-	11,940	8,700
Bad debt expense	3,536	-	-	3,536	-	-	3,536	-
Supplies	34,387	15,575	2,564	52,526	8,597	-	61,123	61,899
Telephone	5,976	427	427	6,830	854	854	8,538	8,393
Postage and shipping	4,386	2,175	533	7,094	1,096	1,018	9,208	8,007
Occupancy								
Utilities and maintenance	21,676	20,400	-	42,076	5,420	-	47,496	50,256
Repairs and maintenance	19,513	-	-	19,513	4,878	-	24,391	23,016
Equipment rental and maintenance	63,923	-	-	63,923	-	-	63,923	46,456
Travel	3,218	175	427	3,820	805	-	4,625	3,170
Conferences	5,950	1,277	-	7,227	661	-	7,888	988
Programs	53,325	-	-	53,325	-	-	53,325	-
Interest	3,573	-	-	3,573	-	-	3,573	5,161
Depreciation	82,052	-	-	82,052	14,480	-	96,532	102,362
Donated food	5,205,832	-	-	5,205,832	-	-	5,205,832	6,234,770
Donated services	-	-	-	-	2,846	-	2,846	2,319
Advertising and promotion	4,266	-	-	4,266	441	12,502	17,209	21,300
Insurance	23,092	-	-	23,092	2,948	-	26,040	21,266
Special events	-	-	-	-	-	46,435	46,435	39,043
All other	40,428	-	5,007	45,435	37,561	3,532	86,528	28,227
Total other expenses	5,575,133	40,029	8,958	5,624,120	92,527	64,341	5,780,988	6,665,333
Total expenses	\$ 6,617,811	\$ 260,616	\$ 89,842	\$ 6,968,269	\$ 186,012	\$ 151,148	\$ 7,305,429	\$ 7,956,503

See accompanying Notes to the Financial Statements

Food Gatherers
Statement of Cash Flows
For the Years Ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Change in net assets	\$ 300,377	\$ 332,238
Items not requiring cash		
Depreciation	96,532	102,362
Bad debt expense	3,536	-
Gain on disposal of fixed asset	(1,002)	-
Changes in operating assets and liabilities		
Accounts receivable	4,302	(28,513)
Unconditional promises to give	62,217	193,496
Inventory	31,214	(76,685)
Accounts payable	9,467	11,307
Accrued liabilities	6,140	2,675
Deferred revenue	(58,091)	74,011
Net cash provided by operating activities	<u>454,692</u>	<u>610,891</u>
Cash flows from investing activities		
Purchase of fixed assets	(5,547)	(30,511)
Payments received on note receivable	2,662	-
Proceeds from sale of property	2,000	-
Net cash used in investing activities	<u>(885)</u>	<u>(30,511)</u>
Cash flows from financing activities		
Payments on notes payable	(15,014)	(14,881)
Payments on capital lease	(13,854)	(12,399)
Net cash used in financing activities	<u>(28,868)</u>	<u>(27,280)</u>
Net change in cash	424,939	553,100
Cash and cash equivalents - beginning of year	<u>2,022,952</u>	<u>1,469,852</u>
Cash and cash equivalents - end of year	<u><u>\$ 2,447,891</u></u>	<u><u>\$ 2,022,952</u></u>
Supplemental information		
Cash paid for interest	<u><u>\$ 3,573</u></u>	<u><u>\$ 5,161</u></u>

See accompanying Notes to the Financial Statements

Food Gatherers
Notes to the Financial Statements
June 30, 2009

Note 1 – Organization

Food Gatherers (the "Organization") is a not-for-profit Michigan incorporated on January 27, 1989. The Organization's sources of revenue are primarily private and public contributions and grants, special events, food bank sales and in-kind donations. The Organization supports local feeding programs throughout Washtenaw County through collection and delivery of surplus nonperishable and perishable food from local sources and from the acquisition and distribution of nonperishable and perishable foods through a national food bank program.

The Organization also operates the Community Kitchen, which is located in the Robert J. Delonis Center, home of Shelter Association of Washtenaw County. Volunteers transform rescued and bulk food into useful food resources, and prepare and serve meals to those in need.

The Organization's Community Kitchen Job Training Program is part of the overall effort to not merely alleviate hunger but to end hunger. Students obtain marketable skills and at the same time they are feeding neighbors in need. By targeting young adults who are often recipients of food assistance, the Organization hopes to help them secure gainful employment in the food industry. The Organization also gets to give back to local food donors who so generously provide support. The Organization's training curriculum reflects the skills and experience that local food service employers are seeking.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and in accordance with the Audit and Accounting Guide for Not-for-Profit Organizations issued by the American Institute of Certified Public Accountants. Accordingly, revenues are recognized when earned and expenses are recognized as they are incurred.

Net Assets

The Organization's net assets are categorized and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations. Board designated net assets have been appropriated by the Board of Directors from undesignated net assets for the purpose of setting aside funds for such items as repairing and/or replacing fixed assets and equipment, purchasing emergency food products and funding new programs.

Temporarily Restricted

Net assets subject to donor-imposed stipulations that may or will be met, by actions of the Organization and or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restrictions met in the same year as the revenue is recognized are treated as unrestricted revenue and expense.

Food Gatherers
Notes to the Financial Statements
June 30, 2009

Permanently Restricted

Net assets that contain donor-imposed restrictions that require the Organization to permanently maintain these resources, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes. The Organization does not have any permanently restricted net assets.

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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificate of deposits and all highly liquid debt instruments with original maturities of 90 days or less.

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Food bank revenue is recognized when perishable and nonperishable food is sold to an agency.

Accounts Receivable

Substantially all accounts receivable are related to food bank sales and grant proceeds expected to be received shortly after year-end.

Allowance for Doubtful Accounts

Accounts are not written off until management has exhausted all resources of collecting the receivable or if the customer has ceased to exist. Management considers all accounts over 90 days past due and delinquent or outstanding more than 180 days. The allowance for doubtful accounts are \$3,536 and \$0, as of June 30, 2009 and 2008, respectively.

Deferred Revenue

Deferred revenue consists of grants received related to program events that will occur in the subsequent fiscal year.

Food Gatherers
Notes to the Financial Statements
June 30, 2009

Inventory

Inventory is comprised of nonperishable, perishable, purchased food, and is stated at lower of cost or market value. Cost is determined on a first-in, first-out basis. The Organization does not inventory donated goods.

Property and Equipment

Property and equipment are stated at cost or, where applicable, appraised value at date of donation. Depreciation is computed using the straight-line or double declining balance method over estimated useful lives of the respective assets which range from 3-39 years. Major expenditures, costing \$1,000 or more, for property and for improvements which substantially increase useful lives of the assets are capitalized. Maintenance, repairs and minor renewals are charged to expense as incurred

Capital Campaign

During 2003, The Organization began a capital campaign drive for the construction and outfitting of a new building. The building was completed and placed in service in 2004. Net unconditional pledges to give resulting from this capital campaign are \$84,444 and \$192,099 as of June 30, 2009 and 2008, respectively.

Concentrations of Credit Risk

Promises to give are due from several contributors and are not collateralized. Promises to give are presented net of management's estimate of uncollectible accounts. Concentrations of credit risk with respect to accounts receivable are limited due to the number of grantors and agencies comprising the Organization's receivables.

The balance of cash and cash equivalents held at financial institutions not covered by FDIC insurance was \$312,803 at June 30, 2009. This amount is covered by SPIC Insurance at June 30, 2009.

Income Tax Status

The Organization is exempt from federal income tax under Internal Revenue Service Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509 (a)(2).

Functional Allocation of Expenses

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

Advertising Costs

The Organization expenses advertising production costs as they are incurred. Advertising costs for the years ended June 30, 2009 and 2008 were \$17,209 and \$21,300, respectively.

Long-Lived Assets

The Organization evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Food Gatherers
Notes to the Financial Statements
June 30, 2009

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Comparative Financial Statements

The amounts shown for the year ended June 30, 2008 in the accompanying financial statements are included to provide a basis for comparison with 2009 and present summarized totals only. Accordingly, the 2008 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditors' Report which is the date the financial statements were available to be issued.

Recent Accounting Pronouncements

FASB Interpretation No. FIN 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements based on the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns and whether those tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. FASB Staff Position No. FIN 48-3 permits nonpublic enterprises to, and management has elected to, defer the effective date of Interpretation 48 until fiscal years beginning after December 15, 2008.

The Organization presently recognizes income tax positions based on management's estimate of whether it is reasonably possible that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, *Accounting for Contingencies*.

Note 3 – Unconditional Promises To Give

Unconditional promises to give consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Receivable in less than one year	\$ 165,287	\$ 195,648
Receivable in one to five years	<u>53,600</u>	<u>90,500</u>
Total unconditional promises to give	218,887	286,148
Less unamortized discount	(1,390)	(6,434)
Less allowance for uncollectible promises	<u>(10,000)</u>	<u>(10,000)</u>
	207,497	269,714
Less: current portion	155,287	185,648
Unconditional promises to give - non current	<u>\$ 52,210</u>	<u>\$ 84,066</u>

Food Gatherers
Notes to the Financial Statements
June 30, 2009

The Organization recognizes promises to give that are expected to be collected within one year at their net realizable value. Promises that are expected to be collected in the future years are recognized at their estimated fair value. Fair value is determined by calculating the present value of the estimated future cash flows. The discount rate used in determining the net present value of multi-year promises to give was 2% and 5% at June 30, 2009 and 2008, respectively.

Note 4 – Fair Value Measurements

As of the beginning of the year ended June 30, 2009, the Organization implemented FASB 157, *Fair Value Measurement*. FASB 157 establishes 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 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB 157 are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following tables present by level, within the fair value hierarchy, the Organization's assets at fair value, as of June 30, 2009. As required by FASB 157, assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2009				
Multi-year unconditional promises to give	\$ 84,444	\$ -	\$ -	\$ 84,444

Total assets at fair value classified within level 3 were \$84,444, as of June 30, 2009, which consists of the multi-year unconditional promises to give relating to the Capital Campaign. Such amounts were approximately 1% of total assets on the Organization's statement of net assets available as of June 30, 2009.

Food Gatherers
Notes to the Financial Statements
June 30, 2009

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2009.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Capital Campaign
Balance at June 30, 2008	\$ 192,099
New Pledges	-
Less collected pledges	(112,700)
Change estimate of uncollectible pledges	-
Change in fair value adjustment	5,045
Balance at June 30, 2009	\$ 84,444

Note 5 - Note Receivable

The Organization has an unsecured note receivable due from a limited partnership for reimbursement of certain expenses incurred by the Organization. Interest-only payments were due through December 31, 2008. Beginning in January 2009, monthly payments of principal and interest are due. The note receivable balance outstanding at June 30, 2009 and 2008 was \$32,913 and \$35,575, respectively. Management believes the note is fully collectible and has not accrued an allowance.

Note 6 – Property and Equipment

Property and equipment consist of the following at June 30:

	2009	2008
Building	\$ 2,141,694	\$ 2,141,694
Equipment	188,561	193,904
Land	165,613	165,613
Vehicles	171,238	237,359
	2,667,106	2,738,570
Less accumulated depreciation	(592,093)	(571,574)
	\$ 2,075,013	\$ 2,166,996

Food Gatherers
Notes to the Financial Statements
June 30, 2009

Depreciation expense was \$96,532 and \$102,362 for the years ended June 30, 2009 and 2008, respectively.

Note 7 – Notes Payable

Notes payable at June 30 are as follows:

	2009	2008
City of Ann Arbor, 0% interest, balance will be forgiven if the Organization continues operations at 1 Carrot Way until 2/1/2013. See Note 11.	\$ 50,000	\$ 50,000
 \$71,000 promissory note, payable at \$1,373 per month, including interest at 6.00%, through August, 2010. Secured by vehicle.	18,391	33,405
	68,391	83,405
 Less current portion	15,666	14,881
Long term portion	\$ 52,725	\$ 68,524

Maturities of notes payable are as follows:

<u>Year ending June 30</u>		
2010	\$	15,666
2011		2,725
2012		-
2013		50,000
Total	\$	68,391

Food Gatherers
Notes to the Financial Statements
June 30, 2009

Note 8 – Capital Leases

Capital lease obligations at June 30 consist of the following:

	<u>2009</u>	<u>2008</u>
Noncancelable vehicle lease expiring in fiscal 2012. Payable in monthly installments totaling \$1,330 including imputed interest at 4.31%. Secured by the leased equipment.	<u>\$ 41,319</u>	<u>\$ 55,173</u>

The capital lease agreement provides for future annual lease payments as follows:

2010	<u>\$ 15,960</u>
2011	<u>15,960</u>
2012	<u>11,970</u>
Total future minimum lease payments	<u>43,890</u>
Less amount represented by interest	<u>(2,571)</u>
Present value of future minimum payments	<u>\$ 41,319</u>

Property held under capital leases at June 30, consists of the following:

	<u>2009</u>	<u>2008</u>
Vehicle	<u>\$ 78,308</u>	<u>\$ 78,308</u>
Less accumulated depreciation	<u>(39,154)</u>	<u>(24,916)</u>
	<u>\$ 39,154</u>	<u>\$ 53,392</u>

Note 9 - Temporarily Restricted Net Assets

The Organization had the following temporarily restricted net assets at June 30:

	<u>2009</u>	<u>2008</u>
Capital campaign	<u>\$ 95,834</u>	<u>\$ 192,100</u>
United Way allocation	<u>96,880</u>	<u>57,880</u>
Other promises to give	<u>26,173</u>	<u>19,734</u>
	<u>\$ 218,887</u>	<u>\$ 269,714</u>

Food Gatherers
Notes to the Financial Statements
June 30, 2009

Note 10 - Donated Food and Services

Donated nonperishable and perishable food and certain donated services are reported in the financial statements at their estimated values. The estimate is based on \$1.47 and \$1.69 per pound of food for the years ended June 30, 2009 and 2008, respectively, based on information obtained from Feeding America, the national affiliate of the Organization. Donated services include payroll processing services. A summary of in-kind donations is as follows:

	<u>2009</u>	<u>2008</u>
Donated nonperishable and perishable food	\$ 5,205,832	\$ 6,234,770
Donated services and materials	2,846	2,319
	<u>\$ 5,208,678</u>	<u>\$ 6,237,089</u>

Approximately 58,260 hours of additional donated services were received in 2009 but were not recognized in the financial statements because they did not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Note 11 - Conditional Promise To Give

The Organization received funds from the City of Ann Arbor that were used to repair the former building and to repay a portion of the land contract for the purchase of the property located at 1 Carrot Way, formerly 1731 Dhu Varren Road. These funds are repayable to the City if the successor facilities cease to be used for food distributions services prior to February 1, 2013, after which date the entire amount will be forgiven. The Organization has accordingly, recorded a liability for the total amount. Provided the Organization remains at the Carrot Way property through 2013, this liability will convert to a contribution and will be recognized at that time.

Note 12 - Retirement Plan

The Organization has established a defined contribution plan (the "Plan") which covers employees who have at least 2 years of services. Under provisions of the Plan, the Organization is required to make matching contributions up to 3% for employees who have met the service requirement. The amounts contributed by the Organization were \$10,543 and \$9,228 in 2009 and 2008, respectively.

Food Gatherers
Notes to the Financial Statements
June 30, 2009

Note 13 - Operating Leases

In September 2008, The Organization leased two vehicles under a non cancelable operating lease for seventy and eighty four months, respectively. Monthly lease payments are \$2,036. Total lease expense was \$25,692 and \$3,121 for years ended June 30, 2009 and 2008, respectively.

Future minimum lease payments under non-cancelable leases are:

<u>For the years ended June 30</u>	
2010	\$ 24,432
2011	24,432
2012	24,432
2013	24,432
2014	24,432
2015 and thereafter	18,606
	<u>\$ 140,766</u>