

**THE OPEN DOOR/  
CAPE ANN FOOD PANTRY, INC.**  
Financial Statements  
For the Years Ended  
June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Open Door/Cape Ann Food Pantry, Inc.  
Gloucester, Massachusetts

We have audited the accompanying financial statements of The Open Door/Cape Ann Food Pantry, Inc. (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2019 and 2018 and the related statements of activities, functional expenses, cash flows and changes in net assets for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 that 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 The Open Door/Cape Ann Food Pantry, Inc. as of June 30, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Horvitz & Frisch, P.C.*

HORVITZ & FRISCH, P.C.  
Gloucester, Massachusetts

October 22, 2019

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Statements of Financial Position

June 30, 2019 and 2018

ASSETS

	2019	2018
Current Assets:		
Cash and Cash Equivalents	\$ 331,639	\$ 435,818
Promises to Give, Current Portion	454,721	300,420
Collectibles Held for Sale	7,000	7,000
Prepaid Expenses	30,480	29,339
Total Current Assets	823,840	772,577
Property and Equipment, Net of Accumulated Depreciation	2,191,008	1,610,428
Other Assets:		
Certificates of Deposit	347,562	340,792
Promises to Give, Net of Current Portion	40,082	135,894
Security Deposit	-	1,500
Total Other Assets	387,644	478,186
Total Assets	\$ 3,402,492	\$ 2,861,191

LIABILITIES AND NET ASSETS

Current Liabilities:		
Notes Payable, Current Portion	\$ 12,119	\$ 3,550
Accounts Payable and Accrued Expenses	75,484	63,642
Deferred Revenue	93,750	118,750
Accrued Payroll and Payroll Taxes	36,515	31,442
Accrued Vacation	28,060	28,634
Total Current Liabilities	245,928	246,018
Long Term Liabilities:		
Notes Payable, Net of Current Portion	531,881	-
Total Long Term Liabilities	531,881	-
Total Liabilities	777,809	246,018
Net Assets:		
Without Donor Restrictions:		
Operating	342,416	475,736
Net Investment in Property and Equipment	1,647,008	1,606,878
Board Designated	212,129	212,129
Total Without Donor Restrictions	2,201,553	2,294,743
With Donor Restrictions	423,130	320,430
Total Net Assets	2,624,683	2,615,173
Total Liabilities and Net Assets	\$ 3,402,492	\$ 2,861,191

See Accountant's Audit Report and Accompanying Notes to Financial Statements

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

## Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 538,809	\$ 98,392	\$ 637,201
In-Kind Food Contributions	3,134,959	-	3,134,959
Public Grants	47,367	64,320	111,687
Corporate/ Foundation Grants	461,216	143,251	604,467
Fundraising	406,831	-	406,831
Thrift Shop Sales	1,231,143	-	1,231,143
Prepared Meals Reimbursement	41,217	-	41,217
Interest Income	7,764	-	7,764
Net assets released from restrictions:			
Satisfaction of Performance	203,263	(203,263)	-
 Total Revenues	<u>6,072,569</u>	<u>102,700</u>	<u>6,175,269</u>
 Expenses:			
Program	5,522,880	-	5,522,880
Management and General	377,265	-	377,265
Fundraising	265,614	-	265,614
 Total Expenses	<u>6,165,759</u>	<u>-</u>	<u>6,165,759</u>
 Change in Net Assets	(93,190)	102,700	9,510
 Net Assets, Beginning of Year	<u>2,294,743</u>	<u>320,430</u>	<u>2,615,173</u>
 Net Assets, End of year	<u>\$ 2,201,553</u>	<u>\$ 423,130</u>	<u>\$ 2,624,683</u>

See Accountant's Audit Report and Accompanying Notes to Financial Statements

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 480,674	\$ 170,560	\$ 651,234
In-Kind Food Donations	3,055,380	-	3,055,380
Public Grants	69,374	66,963	136,337
Corporate / Foundation Grants	305,098	238,000	543,098
Fundraising	325,115	-	325,115
Thrift Shop Sales	1,117,563	-	1,117,563
Prepared Meals Reimbursement	29,945	-	29,945
Interest Income	5,118	-	5,118
Investment Return	969	-	969
Net assets released from restrictions:			
Satisfaction of Performance	515,380	(515,380)	-
 Total Revenues	 <u>5,904,616</u>	 <u>(39,857)</u>	 <u>5,864,759</u>
 Expenses:			
Program	5,261,711	-	5,261,711
Management and General	346,226	-	346,226
Fundraising	213,294	-	213,294
 Total Expenses	 <u>5,821,231</u>	 <u>-</u>	 <u>5,821,231</u>
 Change in Net Assets	 83,385	 (39,857)	 43,528
 Net Assets, Beginning of Year	 <u>2,211,358</u>	 <u>360,287</u>	 <u>2,571,645</u>
 Net Assets, End of Year	 <u>\$ 2,294,743</u>	 <u>\$ 320,430</u>	 <u>\$ 2,615,173</u>

See Accountant's Audit Report and Accompanying Notes to Financial Statements

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Statement of Functional Expenses

For the Year Ended June 30, 2019

	Program					Total	
	Distribution	Nutrition & Advocacy	Thrift Shop	Program	Management and General		Fundraising
Salaries and Wages	\$ 390,603	\$ 296,137	\$ 493,632	\$ 1,180,372	\$ 225,949	\$ 180,432	\$ 1,586,753
Payroll Taxes	30,763	27,309	45,000	103,072	30,107	14,882	148,061
Employee Benefits	33,697	17,823	52,945	104,465	63,618	26,572	194,655
Food Purchased and Distributed	279,868	35,561	151	315,580	40	1,128	316,748
Food Contributed and Distributed	3,134,959	-	-	3,134,959	-	-	3,134,959
Occupancy	93,315	31,134	172,883	297,332	7,784	6,227	311,343
Transportation	27,759	33,055	6,867	67,681	5,402	414	73,497
Small Equipment Purchases	7,604	1,636	3,264	12,504	2,236	339	15,079
Employment Expenses	7,237	6,455	7,744	21,436	3,491	744	25,671
Accounting	-	-	-	-	13,250	-	13,250
Advertising	1,146	-	2,154	3,300	39	1,840	5,179
Insurance	12,874	12,874	12,874	38,622	2,575	1,716	42,913
Postage and Delivery	7,818	547	9,138	17,503	91	8,304	25,898
Supplies	17,858	19,800	10,676	48,334	4,605	1,412	54,351
Printing and Publications	1,265	231	2,744	4,240	28	12,522	16,790
Bank and Credit Card Fees	2,524	2,784	23,802	29,110	408	647	30,165
Office Expenses	8,649	1,407	5,993	16,049	12,108	4,125	32,282
Outreach	9,289	3,083	-	12,372	50	3,460	15,882
Outside Services	-	17,289	733	18,022	4,940	850	23,812
Interest Expense	2,112	-	-	2,112	190	-	2,302
Bad Debts Expense	-	-	-	-	354	-	354
Depreciation	94,773	-	1,042	95,815	-	-	95,815
<b>Total</b>	<b>\$ 4,164,113</b>	<b>\$ 507,125</b>	<b>\$ 851,642</b>	<b>\$ 5,522,880</b>	<b>\$ 377,265</b>	<b>\$ 265,614</b>	<b>\$ 6,165,759</b>

See Accountant's Audit Report and Accompanying Notes to Financial Statements

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Statement of Functional Expenses  
For the Year Ended June 30, 2018

	Program					Total	
	Distribution	Nutrition & Advocacy	Thrift Shop	Total Program	Management and General		Fundraising
Salaries and Wages	\$ 375,612	\$ 267,274	\$ 441,320	\$ 1,084,206	\$ 208,467	\$ 146,318	\$ 1,438,991
Payroll Taxes	32,754	24,516	39,444	96,714	24,599	10,402	131,715
Employee Benefits	33,198	31,922	39,348	104,468	56,927	19,108	180,503
Food Purchased and Distributed	249,843	28,619	-	278,462	100	1,903	280,465
Food Contributed and Distributed	3,055,380	-	-	3,055,380	-	-	3,055,380
Occupancy	82,441	31,708	154,956	269,105	7,610	5,073	281,788
Transportation	27,499	29,528	5,398	62,425	4,665	719	67,809
Small Equipment Purchases	8,093	6,489	2,038	16,620	1,715	1,341	19,676
Employment Expenses	3,283	4,066	1,754	9,103	3,863	1,198	14,164
Accounting	800	-	-	800	11,450	-	12,250
Advertising	992	90	541	1,623	795	1,135	3,553
Insurance	12,371	10,465	10,314	33,150	4,799	1,375	39,324
Postage and Delivery	7,035	148	9,251	16,434	333	7,337	24,104
Supplies	15,444	16,340	7,037	38,821	2,151	1,710	42,682
Printing and Publications	1,938	120	4,005	6,063	69	12,045	18,177
Bank and Credit Card Fees	1,821	8	20,220	22,049	93	-	22,142
Office Expenses	9,468	1,760	6,390	17,618	13,824	1,561	33,003
Outreach	13,817	3,530	75	17,422	75	2,069	19,566
Farm to School	-	18,558	-	18,558	-	-	18,558
Outside Services	3,381	6,651	2,817	12,849	4,441	-	17,290
Bad Debts Expense	-	-	-	-	250	-	250
Depreciation	99,841	-	-	99,841	-	-	99,841
<b>Total</b>	<b>\$ 4,035,011</b>	<b>\$ 481,792</b>	<b>\$ 744,908</b>	<b>\$ 5,261,711</b>	<b>\$ 346,226</b>	<b>\$ 213,294</b>	<b>\$ 5,821,231</b>

See Accountant's Audit Report and Accompanying Notes to Financial Statements



**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Statements of Cash Flows

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 9,510	\$ 43,528
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	95,815	99,841
Investment Return	-	(969)
Certificates of Deposit Interest	(6,770)	(3,950)
(Increase) Decrease in:		
Promises to Give	(58,489)	(235,666)
Prepaid Expenses	(1,141)	(3,399)
Security Deposit	1,500	-
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	11,842	16,340
Deferred Revenue	(25,000)	118,750
Accounts Payroll and Payroll Taxes	5,073	1,847
Accrued Vacation	(574)	2,696
Net Cash Provided by Operating Activities	<u>31,766</u>	<u>39,018</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	-	17,051
Purchase of Certificate of Deposit	-	(124,455)
Purchase of Building	(64,684)	-
Purchase of Equipment	(29,202)	(19,851)
Purchase of Thrift Shop Improvements	(7,662)	(23,599)
Purchase of Pantry Improvements	(29,847)	(19,000)
Net Cash (Used) by Investing Activities	<u>(131,395)</u>	<u>(169,854)</u>
Cash Flows from Financing Activities:		
Payments of Notes Payable	(4,550)	(6,337)
Net Cash (Used) by Financing Activities	<u>(4,550)</u>	<u>(6,337)</u>
Net (Decrease) in Cash and Cash Equivalents	(104,179)	(137,173)
Cash and Cash Equivalents, Beginning of Year	<u>435,818</u>	<u>572,991</u>
Cash and Cash Equivalents, End of Year	<u>\$ 331,639</u>	<u>\$ 435,818</u>

See Accountant's Audit Report and Accompanying Notes to Financial Statements

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Statements of Cash Flows - Continued  
For the Years Ended June 30, 2019 and 2018

Supplemental Disclosures:

Operating activities reflect interest paid of \$2,302 and \$403 for the years ended June 30, 2019 and 2018.

During the year ended June 30, 2019, the Organization acquired a building by incurring a note payable as follows:

Purchase Price of Building	\$	595,000
Capitalized Acquisition Costs		14,684
		<u>609,684</u>
Note Payable		(545,000)
Cash Paid	\$	<u><u>64,684</u></u>

# THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements  
For the Years Ended June 30, 2019 and 2018

## 1. Operations, Nonprofit Status and Summary of Significant Accounting Policies

### Operations and Nonprofit Status

The Open Door/Cape Ann Food Pantry, Inc. (the Organization) is a non-profit, community supported, charitable organization committed to alleviating hunger in the community. The Organization accomplishes its mission by using practical strategies to connect people to good food, advocate for those in need and engage others in the work of building food security. With physical locations in Gloucester and Ipswich, MA, the Organization serves low-income residents of Gloucester, Rockport, Essex, Manchester-by-the-Sea, Essex, Ipswich, Boxford, Topsfield, Rowley, Hamilton and Wenham, MA.

The Organization also operates a thrift shop, which resells donated clothing, furniture and goods to help support the food programs.

### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting.

### Concentration of Revenue

Revenue from one program, the Thrift Shop, represents approximately 20% of total revenues for each of the years ended June 30, 2019 and 2018. Excluding In-Kind Food Contributions, the program represents approximately 40% of total revenues for each of the years ended June 30, 2019 and 2018.

The Thrift Shop operation provided \$470,000 and \$447,000 in net direct support to the food pantry operations for the year ended June 30, 2019 and 2018, respectively.

### Support from a Major Contributor

The Organization received approximately 33% of total support and revenue from one donor, The Greater Boston Food Bank, for both years ended June 30, 2019 and 2018. These contributions were in the form of donated food.

### Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met or the donor has explicitly released the restriction.

### Cash and Cash Equivalents

The Open Door/Cape Ann Food Pantry, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

## THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued  
For the Years Ended June 30, 2019 and 2018

### 1. Operations, Nonprofit Status and Summary of Significant Accounting Policies - Continued

#### Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, telephone, cable, internet, heat, light, power, water and depreciation which are allocated on a square footage basis. Salaries and wages, payroll taxes and insurance are allocated based on estimates of time and effort.

#### Financial Statements Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of The Open Door/Cape Ann Food Pantry, Inc. and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Board designated restrictions are considered without donor restrictions under these reporting standards.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources 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.

#### Advertising Costs

Advertising costs are expensed as incurred. Advertising expense amounted to \$5,179 and \$3,553 for the years ended June 30, 2019 and 2018, respectively.

#### Income Taxes

The Organization is a non-profit organization, not a private foundation, that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

The Organization's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the Organization's tax years 2015 through 2017 remain open for possible examination by the Internal Revenue Service.

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Notes to Financial Statements - Continued  
For the Years Ended June 30, 2019 and 2018

1. Operations, Nonprofit Status and Summary of Significant Accounting Policies – Continued

Contributions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Collectibles Held for Sale

The Organization records contributions of collectibles at fair market value as of the date of the donation. The items are carried at fair market value until such time as management deems it appropriate to sell, at which time a realized gain or loss is recognized in the statement of activities. During the year ended June 30, 2017, the Organization recorded a contribution of \$7,000 and it is included on the statement of financial position at June 30, 2019 and 2018.

In-Kind Contributions of Materials and Services

The Organization records the value of contributed services that are provided by individuals requiring specialized skills or that enhance or create non-financial assets. No amounts were recorded for the years ended June 30, 2019 and 2018.

No amounts have been recorded for the value of contributed services received from numerous volunteers who are involved in events and activities that did not meet requirements for recognition in the financial statements. The total amount of volunteer hours contributed to the Organization's events and activities amounted to 27,400 and 27,255 for the years ended June 30, 2019 and 2018, respectively.

The value of contributed materials is recorded based upon the fair market value of the goods received less any cost to the organization.

Inventory – Thrift Shop Program

In-Kind inventory for the Organization's thrift shop program is not recorded in the statement of financial position as there is no practical method for valuing donated items. Donations of used household items, clothing, furniture and other bric-a-brac are sold through the Organization's thrift shop and are recorded as Thrift Shop Revenue when sold. Some items are donated to other non-profit organizations or distributed through a referral network.

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Notes to Financial Statements - Continued  
For the Years Ended June 30, 2019 and 2018

1. Operations, Nonprofit Status and Summary of Significant Accounting Policies – Continued

Inventory – Food Program and In-kind Food Donations

In-Kind inventory for the Organization’s food program is not recorded in the statement of financial position as the method for consistently recording its value has been determined as arbitrary and immaterial to the financial statements.

The Organization does record In-Kind Donations to the food program which is included in the statement of activities. The Organization bases the per pound value on a study performed by Feeding America, which was \$1.68 and \$1.73 per pound for the years ended June 30, 2019 and 2018, respectively. The Organization recorded the following in-kind donations of food for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Pounds of Donated Food	1,866,047	1,766,116
Value Per Pound	\$ 1.68	\$ 1.73
Total Value of Donated Food	<u>\$ 3,134,959</u>	<u>\$ 3,055,380</u>

The Organization recorded a corresponding expense which is detailed in the statement of functional expenses as Food Contributed and Distributed.

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 financial statement amounts and disclosures. Actual results could differ from those estimates and assumptions.

Property and Equipment

The Organization capitalizes major purchases of property and equipment invoiced over \$3,000, which are not in the nature of replacements or repairs. Minor equipment purchases, replacements, maintenance and repairs are charged to expense as incurred.

Capitalized property and equipment are recorded at cost, if purchased or constructed; or at fair market value at the date of the gift, if donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets capitalized or over the length of the lease for leasehold improvements.

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Notes to Financial Statements - Continued  
For the Years Ended June 30, 2019 and 2018

1. Operations, Nonprofit Status and Summary of Significant Accounting Policies - Continued

Property and equipment consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>	<u>Estimated Useful Life</u>
Land	\$ 437,918	\$ 186,911	
Building	1,820,524	1,432,000	39 Years
Food Pantry Equipment	290,585	261,383	5 Years
Thrift Shop Equipment	113,002	105,340	3-10 Years
Vehicles	217,738	217,738	5 Years
	<u>2,879,767</u>	<u>2,203,372</u>	
Accumulated Depreciation	<u>(688,759)</u>	<u>(592,944)</u>	
	<u>\$ 2,191,008</u>	<u>\$ 1,610,428</u>	

Depreciation expense amounted to \$95,815 and \$99,841 for the years ended June 30, 2019 and 2018, respectively.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give that are expected to be received beyond one year are discounted at a rate of 2.5%. Uncollectible promises to give are expected to be insignificant and therefore no allowance for uncollectible promises has been established.

Deferred Revenue

Certain income received during the year ended June 30, 2018 is deferred and will be recognized in the year in which the associated expenses are incurred. Deferred Revenue amounted to \$93,750 and \$118,750 at June 30, 2019 and 2018, respectively.

Recent Accounting Guidance

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation of these financial statements accordingly.

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Notes to Financial Statements - Continued  
For the Years Ended June 30, 2019 and 2018

1. Operations, Nonprofit Status and Summary of Significant Accounting Policies - Continued

Recent Accounting Guidance- Continued

As required by ASU 2016-14, the Organization is required to reclassify amounts that were previously reported as temporarily and permanently restricted net assets to net assets with donor restrictions and reclassify amounts that were previously reported as unrestricted net assets to net assets without donor restrictions as follows:

	<u>After Adoption of ASU 2016-14</u>	<u>As Originally Presented</u>
Net Assets Without Donor Restrictions	\$ 2,294,743	\$ -
Net Assets With Donor Restrictions	320,430	-
Unrestricted Net Assets	-	2,294,743
Temporarily Restricted Net Assets	-	320,430
Total	<u>\$ 2,615,173</u>	<u>\$ 2,615,173</u>

Reclassifications – Statement of Functional Expenses

Certain amounts in the 2018 Statement of Functional Expenses have been reclassified to conform with the 2019 presentation. There has been no change to net assets as previously reported.

2. Liquidity and Availability

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

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 331,639	\$ 435,818
Promises to Give	454,721	305,714
Total	<u>\$ 786,360</u>	<u>\$ 741,532</u>

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in certificates of deposit. From time to time, the Board assesses the cash requirements of its operating activities and repositions its cash position accordingly. In addition to the above amounts, the Organization has a \$100,000 line of credit available to meet cash requirements. See note 5.



**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Notes to Financial Statements - Continued  
For the Years Ended June 30, 2019 and 2018

3. Unconditional Promises to Give

Unconditional promises to give are as follows as of June 30:

	2019	2018
Receivable in One Year	\$ 454,721	\$ 305,714
Receivable in Two to Five Years	43,000	137,083
Receivable in more than Five Years	-	-
Total Unconditional Promises to Give	497,721	442,797
Less Discounts to Net Present Value	(2,918)	(6,483)
Net Unconditional Promises to Give	\$ 494,803	\$ 436,314
Promises to Give, Current Portion	\$ 454,721	\$ 300,420
Promises to Give, Net of Current Portion	40,082	135,894
Total	\$ 494,803	\$ 436,314

4. Investments

During the year ended June 30, 2018, the Organization sold its entire investment in the Vanguard 500 Index Fund and invested the proceeds in a Certificate of Deposit.

Investment return for the years ended June 30 is as follows:

	2019	2018
Dividends	\$ -	\$ 85
Realized Gain	-	884
Total Investment Return	\$ -	\$ 969

5. Line of Credit

During the year ended June 30, 2019 the Organization obtained a \$100,000 line of credit with a bank which was unused at June 30, 2019. Bank advances are payable on demand, with interest payable monthly at the bank's eighteen-month certificate of deposit rate plus 3%, which was 5% at June 30, 2019. The line of credit is secured by a \$100,000 certificate of deposit. Available borrowings amounted to \$100,000 at June 30, 2019.

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Notes to Financial Statements - Continued  
For the Years Ended June 30, 2019 and 2018

6. Notes Payable

Notes Payable consists of the following at June 30:

	2019	2018
<p>Note Payable to a bank in 300 monthly principal and interest payments through May 2044. For the first ten years, the monthly payment amounts to \$3,029 with an interest rate of 4.5%. Subsequently, and for every fifth year after, the interest rate will be adjusted to 3.25% over the average weekly yield of United States Treasury securities. The note is secured by a certain parcel of real estate.</p>	\$ 544,000	-
<p>Note Payable to a bank in 36 monthly principal and interest payments of \$300 at a fixed rate of interest of 5% through June 2019. The note is secured by a motor vehicle.</p>	-	3,550
	544,000	3,550
Less Current Portion	(12,119)	(3,550)
Long-Term Portion	\$ 531,881	\$ -

Maturities of note payable over the next five years are as follows at June 30, 2019:

2020	\$	12,119
2021		12,675
2022		13,258
2023		13,867
2024		14,504
Thereafter		477,577
	\$	544,000

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Notes to Financial Statements - Continued  
For the Years Ended June 30, 2019 and 2018

7. Net Assets

Net Assets consist of the following at June 30:

	2019	2018
Net Assets Without Donor Restrictions:		
Operating	\$ 342,416	\$ 475,736
Net Investment in Property and Equipment	1,647,008	1,606,878
Board Designated:		
Capital Campaign	92,129	92,129
Vehicle Replacement	65,000	65,000
Equipment Replacement	25,000	25,000
Pilot Programs	30,000	30,000
Total Board Designated	212,129	212,129
Total Net Assets Without Donor Restrictions	2,201,553	2,294,743
Net Assets With Donor Restrictions:		
Subject to Expenditures for Specified Purpose:		
Capital Campaign	9,756	14,272
Capital Project	32,963	47,963
Youth Training/ Food Rescue	32,447	28,000
Advocacy	23,066	11,000
Food Programs	259,398	208,945
Registered Dietician	46,000	-
	403,630	310,180
Subject To the Passage of Time:		
Promises to Give, Without Donor Restrictons, But Which Are Unavailable for Expenditure Until Due	19,500	10,250
	19,500	10,250
Total Net Assets With Donor Restrictions	423,130	320,430
Total Net Assets	\$ 2,624,683	\$ 2,615,173

8. Rent

Effective October 1, 2013, the Organization entered into a ten year lease for its Thrift Shop location. Monthly rent for the first five years is \$8,200 which increased to \$8,528 for the second five years. During the year ended June 30, 2017, the Organization began leasing additional space for its Thrift Store location. Effective January 1, 2017, the lease was amended to add \$850 per month through September 30, 2018, increasing to \$900 per month for the remainder of the lease. Effective July 1, 2018, the Organization began leasing additional space at the Thrift Shop location which resulted in an additional \$1,200 per month due for the remainder of the lease.

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Notes to Financial Statements - Continued  
For the Years Ended June 30, 2019 and 2018

8. Rent - Continued

In April 2016, the Organization entered into a one year renewable lease for additional space adjacent to its Food Pantry operations for the purpose of providing additional storage and a dedicated space for its kiln equipment. The rent obligation under this agreement is \$1,500 per month and was renewed for another year effective April 2017. In May 2019, the Organization purchased the property.

Future minimum lease payments for the next five years as of June 30, 2019 are as follows:

2020	\$ 127,536
2021	127,536
2022	127,536
2023	127,536
2024	31,884
	<u>\$ 542,028</u>

The Organization paid rent of \$146,797 and \$127,140 for the years ended June 30, 2019 and 2018, respectively.

9. Related Party Transactions

During the year ended June 30, 2018, the Organization received transportation services from a related party. A member of the Organization's board of directors was the owner of the company which provided the services. The amount paid for these services amounted to \$25,480 for the year ended June 30, 2018. The owner of the company was not on the board of directors during the year ended June 30, 2019.

During the years ended June 30, 2019 and 2018, the Organization procured printing services from a company which is owned by one of its board members. The amount paid for these services amounted to \$7,108 and \$4,637 for the years ended June 30, 2019 and 2018, respectively.

The Executive Director of the Organization is also a member of the Board of Directors of the Greater Boston Food Bank, a major contributor which provides approximately 33% of total support and revenue in the form of donated food.

10. Simple IRA Plan

The Organization maintains a SIMPLE IRA plan under which employees make voluntary tax deductible contributions. The Organization matches each eligible employee's contributions up to 3% of the employee's compensation. Employer contributions amounted to \$25,758 and \$26,395 for the years ended June 30, 2019 and 2018, respectively.

**THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.**

Notes to Financial Statements - Continued  
For the Years Ended June 30, 2019 and 2018

11. Subsequent Events

In May 2019, the Organization purchased the building next to its food program and administrative property. During the year ended June 30, 2020, the Organization intends on building out the space with additional storage and a new kitchen to help meet the increased needs of the community.

Except as noted before, the Organization did not have any subsequent events through October 22, 2019, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2019.