

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.



Feeding people. Changing lives.

FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Open Door Cape Ann Food Pantry, Inc.

Opinion

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, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Open Door Cape Ann Food Pantry, Inc. as of June 30, 2024 and 2023 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Johnson O'Connor Feron & Carucci LLP

Wakefield, Massachusetts
January 31, 2025

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 903,829	\$ 1,164,001
Restricted cash	1,385,778	1,403,615
Accounts receivable	33,186	9,321
Current portion of contributions and grants receivable, net	919,344	485,072
Prepaid expenses	56,297	73,715
Inventory	271,076	253,967
Certificates of deposit	1,265,779	674,287
Total current assets	<u>4,835,289</u>	<u>4,063,978</u>
PROPERTY AND EQUIPMENT, NET	<u>6,451,662</u>	<u>5,023,400</u>
OTHER ASSETS		
Certificates of deposit	-	440,985
Contributions and grants receivable, less current portion and discount	250,252	493,281
Right of use asset - operating lease	1,269,502	1,381,796
Beneficial interest in charitable perpetual trust	4,375,559	4,000,465
Total other assets	<u>5,895,313</u>	<u>6,316,527</u>
Total assets	<u><u>\$ 17,182,264</u></u>	<u><u>\$ 15,403,905</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of notes payable	\$ 16,125	\$ 15,513
Current portion of operating lease liability	119,010	112,998
Accounts payable and accrued expenses	207,935	127,733
Accrued payroll and payroll taxes	110,853	94,634
Accrued vacation	62,885	38,198
Total current liabilities	<u>516,808</u>	<u>389,076</u>
OTHER LIABILITIES		
Notes payable, less current portion	420,224	445,122
Operating lease liability, less current portion	1,205,830	1,324,840
Total other liabilities	<u>1,626,054</u>	<u>1,769,962</u>
Total liabilities	<u>2,142,862</u>	<u>2,159,038</u>
NET ASSETS		
Net assets without donor restrictions	9,641,641	5,541,040
Net assets with donor restrictions	5,397,761	7,703,827
Total net assets	<u>15,039,402</u>	<u>13,244,867</u>
Total liabilities and net assets	<u><u>\$ 17,182,264</u></u>	<u><u>\$ 15,403,905</u></u>

See notes to financial statements.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
STATEMENT OF ACTIVITIES

	Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
In-kind food contributions	\$ 3,149,851	\$ -	\$ 3,149,851
Contributions and gifts	1,635,360	542,043	2,177,403
Public grants	-	1,861,519	1,861,519
Private grants	490,025	475,000	965,025
Change in value of beneficial interest	-	375,094	375,094
Interest income	232,792	-	232,792
Prepared meals reimbursement	179,126	-	179,126
Miscellaneous income	3,136	-	3,136
Net assets released from donor restrictions	5,559,722	(5,559,722)	-
	11,250,012	(2,306,066)	8,943,946
Thrift store:			
Sales	1,559,686	-	1,559,686
In-kind contributions of thrift shop goods	1,559,686	-	1,559,686
Cost of goods sold - in-kind	(1,545,503)	-	(1,545,503)
	1,573,869	-	1,573,869
Special event:			
Special event revenue	322,025	-	322,025
Direct benefit to donors	(26,753)	-	(26,753)
	295,272	-	295,272
Total revenues	13,119,153	(2,306,066)	10,813,087
EXPENSES			
<u>Program services -</u>			
Distribution	5,943,311	-	5,943,311
Nutrition & advocacy	915,389	-	915,389
Second glance	1,162,122	-	1,162,122
Total program services	8,020,822	-	8,020,822
<u>Supporting services -</u>			
Management & general	517,868	-	517,868
Fundraising	475,202	-	475,202
Total supporting services	993,070	-	993,070
Total expenses	9,013,892	-	9,013,892
Loss on uncollectible contribution and grant receivable	(4,660)	-	(4,660)
Change in net assets	4,100,601	(2,306,066)	1,794,535
NET ASSETS - BEGINNING OF YEAR	5,541,040	7,703,827	13,244,867
NET ASSETS - END OF YEAR	\$ 9,641,641	\$ 5,397,761	\$ 15,039,402

See notes to financial statements.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
STATEMENT OF ACTIVITIES

	Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
In-kind food contributions	\$ 2,595,195	\$ -	\$ 2,595,195
Contributions and gifts	1,234,442	4,780,541	6,014,983
Public grants	77,528	154,175	231,703
Private grants	644,618	780,000	1,424,618
Change in value of beneficial interest	-	-	-
Interest income	73,299	-	73,299
Prepared meals reimbursement	79,588	-	79,588
Miscellaneous income	3,648	-	3,648
Net assets released from donor restrictions	1,020,094	(1,020,094)	-
	<u>5,728,412</u>	<u>4,694,622</u>	<u>10,423,034</u>
Thrift store:			
Sales	1,389,484	-	1,389,484
In-kind contributions of thrift shop goods	1,389,484	-	1,389,484
Cost of goods sold - in-kind	(1,368,435)	-	(1,368,435)
	<u>1,410,533</u>	<u>-</u>	<u>1,410,533</u>
Special event:			
Special event revenue	212,131	-	212,131
Direct benefit to donors	(7,589)	-	(7,589)
	<u>204,542</u>	<u>-</u>	<u>204,542</u>
Total revenues	<u>7,343,487</u>	<u>4,694,622</u>	<u>12,038,109</u>
EXPENSES			
<u>Program services -</u>			
Distribution	4,615,514	-	4,615,514
Nutrition & advocacy	679,979	-	679,979
Second glance	1,060,723	-	1,060,723
Total program services	<u>6,356,216</u>	<u>-</u>	<u>6,356,216</u>
<u>Supporting services -</u>			
Management & general	485,263	-	485,263
Fundraising	441,037	-	441,037
Total supporting services	<u>926,300</u>	<u>-</u>	<u>926,300</u>
Total expenses	<u>7,282,516</u>	<u>-</u>	<u>7,282,516</u>
Loss on uncollectible contribution and grant receivable	(28,400)	-	(28,400)
Change in net assets	<u>32,571</u>	<u>4,694,622</u>	<u>4,727,193</u>
NET ASSETS - BEGINNING OF YEAR AS PREVIOUSLY REPORTED	<u>5,994,196</u>	<u>1,783,725</u>	<u>7,777,921</u>
Prior period adjustment	(485,727)	1,225,480	739,753
NET ASSETS - BEGINNING OF YEAR AS RESTATED	<u>5,508,469</u>	<u>3,009,205</u>	<u>8,517,674</u>
NET ASSETS - END OF YEAR	<u>\$ 5,541,040</u>	<u>\$ 7,703,827</u>	<u>\$ 13,244,867</u>

See notes to financial statements.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024						
	Program Services			Supporting Services		Total
	Distribution	Nutrition & Advocacy	Second Glance	Management & General	Fundraising	
Contributed food	\$ 3,146,925	\$ -	\$ -	\$ -	\$ -	\$ 3,146,925
Salaries and wages	994,459	482,684	671,590	271,935	343,901	2,764,569
Food purchase	552,523	126,669	200	296	-	679,688
Grant expense	536,892	-	-	-	-	536,892
Occupancy	102,067	89,037	238,170	8,687	17,373	455,334
Employee benefits	92,630	55,833	49,610	59,335	24,420	281,828
Payroll taxes	85,017	42,174	62,753	32,589	25,746	248,279
Depreciation	178,741	-	15,001	-	-	193,742
Supplies	47,922	53,879	14,864	4,510	1,638	122,813
Insurance	30,096	30,096	30,096	6,020	4,012	100,320
Transportation	56,188	1,002	11,987	8,039	-	77,216
Technology	25,677	2,870	944	34,883	3,035	67,409
Employment expenses	25,880	10,611	6,748	10,103	9,699	63,041
Outside services & professional	8,052	7,922	878	12,535	23,334	52,721
Bank & credit card fees	4,322	1,042	30,663	76	1	36,104
Office expenses	10,614	6,163	8,799	16,444	2,175	44,195
Accounting	-	-	-	45,650	-	45,650
Printing & publications	3,936	738	6,515	945	20,971	33,105
Small equipment purchases	20,734	1,910	6,025	703	323	29,695
Outreach	9,286	1,375	-	99	16,283	27,043
Postage & delivery	3,285	1,384	5,439	3,568	8,551	22,227
Interest	7,240	-	-	-	-	7,240
Advertising	825	-	1,840	1,451	493	4,609
Total expenses	5,943,311	915,389	1,162,122	517,868	501,955	9,040,645
Less: Direct benefit to donors at special event	-	-	-	-	(26,753)	(26,753)
Total functional expenses	<u>\$ 5,943,311</u>	<u>\$ 915,389</u>	<u>\$ 1,162,122</u>	<u>\$ 517,868</u>	<u>\$ 475,202</u>	<u>\$ 9,013,892</u>

See notes to financial statements.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023						
	Program Services			Supporting Services		Total
	Distribution	Nutrition & Advocacy	Second Glance	Management & General	Fundraising	
Contributed food	\$ 2,601,270	\$ -	\$ -	\$ -	\$ -	\$ 2,601,270
Salaries and wages	858,900	400,124	584,818	241,543	324,974	2,410,359
Food purchase	545,881	95,786	150	127	1,179	643,123
Grant expense	-	-	-	-	-	-
Occupancy	108,545	12,552	267,658	22,754	2,951	414,460
Employee benefits	41,054	36,815	36,998	74,639	19,840	209,346
Payroll taxes	76,569	35,920	56,332	30,604	24,163	223,588
Depreciation	161,774	-	15,225	-	-	176,999
Supplies	45,199	54,583	14,967	7,024	2,406	124,179
Insurance	20,421	20,421	20,421	4,084	2,723	68,070
Transportation	52,417	1,095	2,693	7,914	30	64,149
Technology	23,024	1,238	1,701	30,987	6,488	63,438
Employment expenses	19,205	4,366	4,230	8,474	9,620	45,895
Outside services & professional	32,208	5,175	-	22,130	6,666	66,179
Bank & credit card fees	4,534	563	27,704	-	630	33,431
Office expenses	9,354	7,382	7,597	9,653	2,965	36,951
Accounting	-	-	-	18,950	-	18,950
Printing & publications	1,972	110	5,529	500	26,111	34,222
Small equipment purchases	1,719	247	3,126	396	-	5,488
Outreach	9,734	2,849	1,148	100	8,590	22,421
Postage & delivery	1,074	753	8,511	4,283	9,265	23,886
Interest	-	-	-	-	-	-
Advertising	660	-	1,915	1,101	25	3,701
Total expenses	4,615,514	679,979	1,060,723	485,263	448,626	7,290,105
Less: Direct benefit to donors at special event	-	-	-	-	(7,589)	(7,589)
Total functional expenses	\$ 4,615,514	\$ 679,979	\$ 1,060,723	\$ 485,263	\$ 441,037	\$ 7,282,516

See notes to financial statements.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,794,535	\$ 4,727,193
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of beneficial interest in charitable perpetual trust	-	(4,000,465)
Accretion of lease liability	50,856	41,490
Noncash lease expense	112,294	150,678
Depreciation and amortization	193,742	176,999
Accrued interest on certificates of deposit	(48,631)	(17,052)
Loss on uncollectible promises to give	4,660	28,400
Change in beneficial interest in charitable perpetual trust	(375,094)	-
(Increase) decrease in operating assets:		
Accounts receivable	(23,865)	(9,321)
Contributions and grants receivable	(195,903)	54,692
Prepaid expenses	17,418	(4,686)
Inventory	(17,109)	(14,974)
Increase (decrease) in operating liabilities:		
Operating lease liability	(163,854)	(136,126)
Accounts payable and accrued expenses	(42,923)	15,402
Accrued payroll and payroll taxes	16,219	16,034
Accrued vacation	24,687	1,792
Deferred revenue	-	(18,750)
Net cash provided by operating activities	<u>1,347,032</u>	<u>1,011,306</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(101,876)	(1,000,005)
Proceeds from redemptions of certificates of deposit	-	916,304
Additions to construction in progress	(562,747)	(2,098,112)
Purchase of property and equipment	(936,132)	(52,227)
Net cash used by investing activities	<u>(1,600,755)</u>	<u>(2,234,040)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(24,286)	(23,399)
Net cash used by financing activities	<u>(24,286)</u>	<u>(23,399)</u>
Net decrease in cash	(278,009)	(1,246,133)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR	<u>2,567,616</u>	<u>3,813,749</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 2,289,607</u>	<u>\$ 2,567,616</u>

See notes to financial statements.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2024	2023
The table below provides a reconciliation of cash, cash equivalents and restricted cash reported on the statements of financial position to the total shown above in the statements of cash flows:		
Cash and cash equivalents	\$ 903,829	\$ 1,164,001
Restricted cash	1,385,778	1,403,615
	<u>\$ 2,289,607</u>	<u>2,567,616</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

Cash paid during the year for:		
Interest	\$ 17,713	\$ 18,601

SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING AND INVESTING ACTIVITIES

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 163,854	\$ 136,126
Right of use assets obtained in exchange for new operating lease liabilities	-	1,480,337
Acquisition of property and equipment through accounts payable	123,125	-

See notes to financial statements.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES

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, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting –

The financial statements of the Organization have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claim receipt, and liabilities are recorded when the obligation is incurred.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review –

Subsequent events have been evaluated by management through January 31, 2025, the date the financial statements were available to be issued.

Cash and Cash Equivalents and Restricted Cash –

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Restricted cash represents bank deposits designated by the board of directors to be used only for certain specific purposes.

Certificates of Deposit –

The Organization's investments in certificates of deposit, with original maturities greater than ninety days, are valued at face value plus accrued interest. The Organization's certificates of deposit bear interest at rates ranging from 4.25% to 5% and mature between October 2024 and February 2025.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable –

Accounts receivable represents amounts due from exchange transactions when service is rendered. Accounts receivable are presented in the statements of financial position net of estimated uncollectible amounts. An allowance for expected credit losses is provided for accounts receivable considered to be uncollectible based upon consideration of disaggregated historical collection data, current conditions, and reasonable and supportable forecasts regarding future conditions. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. Management believes that all accounts receivable as of June 30, 2024 and 2023 will be fully collected. Accordingly, no allowance for credit losses is required.

Contribution and Grant Receivable –

Contributions and grants receivable consists of unconditional promises to give to be collected over a donor specified term. The Organization uses the allowance method to account for uncollectible promises to give. The allowance is based on management's estimate of possible bad debts. The allowance for uncollectable promises to give at June 30, 2024 and 2023 was \$15,000.

The Organization discounts contributions and grants that are not due within one year to their present value at a risk-free rate of return based on the yield of a U.S. Treasury Security with a maturity date similar to the expected collection period. These discounts are ratably amortized over the life of the contributions and grants receivable and are recorded as contributions, gifts and grants in the statements of activities. The risk free discount rates range from 1.45% to 2.99% and 0.18% to 4.52% for the Organization's unconditional promises to give as of June 30, 2024 and 2023, respectively. The discount on unconditional promises to give was \$14,748 and \$35,719 at June 30, 2024 and 2023, respectively.

Fair Value of Financial Instruments –

Fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)–

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Endowment –

The Organization's endowment consists of a beneficial interest in a charitable perpetual trust, which was received during the year ended June 30, 2023. The endowment includes only funds with donor restrictions. In conformity with U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Organization to retain. Deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies at June 30, 2024 and 2023.

Inventory and In-Kind Donations –

Inventory for the Organization's thrift shop program is recorded in the statements of financial position at the estimated resale value. Donation 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. Inventory of donated and purchased food is also recorded in the statements of financial position based on the average cost per pound of food per industry standards.

Property and Equipment –

Property and equipment are recorded at cost if purchased or estimated fair value if contributed. The Organization has a policy of capitalizing assets with a cost basis over \$3,000, which are not in the nature of replacements or repairs. The Organization provides for depreciation of property and equipment using the straight-line method over the estimated useful lives of the related assets, which range from three to thirty-nine years.

Leases –

The determination of whether an arrangement is a lease is made at the lease's inception. Under FASB ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued) –

Right-of-use (ROU) assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses a risk-free discount rate at the commencement date. ROU assets also include any prepaid lease payments made and exclude any lease incentives. Lease expense for lease payments on operating leases is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise the option.

Net Assets –

Net assets, revenues, gains, and losses are classified 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 – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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 by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the donated 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.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. The Organization records all contributions and grants receivable as with donor restrictions until payment is received. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as without donor restricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition –

Contributions, including grants, are recognized when cash, securities or other assets, an unconditional contributions and grants receivable, or notification of a beneficial interest is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Conditional contributions and grants receivable are not recognized until the conditions on which they depend have been substantially met. Funds received before donor conditions have been met are presented as a refundable advance liability on the statement of financial position. As of June 30, 2024 and 2023, the amount of conditional grants received by the Organization that are contingent upon certain barriers being met in the future was \$14,648 and \$1,261,892, respectively.

Contributions in the form of property and equipment and other assets are recorded at fair value on the date the donation is received. Contributed services that require specialized skills are recognized as revenue at the estimated fair value when the service is received. In addition, individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. Total volunteer hours from these individuals totaled 22,748 and 20,757 for the years ended June 30, 2024 and 2023, respectively.

Thrift store sales are recognized as revenue at the time thrift shop sales occur.

Special events revenue is comprised of ticket sales, sponsorships, and contribution revenue and is recognized at the time the event occurs.

Prepared meals reimbursement income represents revenue received by the Organization for the delivery of groceries and other meals prepared by the Organization. This income is recognized at the time the sale occurs. The Organizations recognizes deferred revenue when cash is received prior to the satisfaction of its performance obligations.

Accounts receivable and contract liabilities were as follows as of:

	June 30,		July 1,
	2024	2023	2022
Accounts receivable	\$ 33,186	\$ 9,321	\$ -
Contract liabilities (deferred revenue)	\$ -	\$ -	18,750

Disaggregation of Revenue from Contracts with Customers –

Revenue from performance obligations recognized at a point in time consists of revenue from thrift shop sales, special events, and prepared meals reimbursement, which totaled \$1,760,519 and \$1,496,509 for the years ended June 30, 2024 and 2023, respectively.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses –

The Organization allocates expenses on a functional basis among its programs and supporting services. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis and are composed of the following:

Management and general – includes all activities related to the Organization’s internal management and accounting for program services.

Fundraising – includes activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for the Organization’s programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The allocation of salaries and wages, employee benefits, payroll taxes, and insurance are allocated based on estimates of time, effort and usage. The allocations of depreciation and occupancy are allocated based on actual asset usage and square footage.

Allocations of functional expenses are based on management’s discretion and estimates. These variables may change from year to year. As a result, there may be fluctuations in the comparative presentation of data from year to year.

Advertising Expense –

Advertising costs are expensed as incurred and amounted to \$4,609 and \$3,701 for the years ended June 30, 2024 and 2023.

Income Taxes –

The Organization is organized and operated exclusively for charitable and educational purposes. Income related to these purposes is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for federal and state income taxes has been included in the accompanying financial statements.

The Organization regularly reviews and evaluates its tax positions taken in its filed returns and recognizes the benefit from a tax position only if it is more likely than not that the position would be sustained upon audit based solely on the technical merits of the tax position. The Organization accrues interest and penalties on uncertain tax positions as a component of the provision for income taxes.

The Organization files federal and Massachusetts tax returns. The statute of limitations for these jurisdictions is generally three years. The Organization had no returns under examination as of June 30, 2024.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement –

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The FASB also subsequently issued additional ASUs amending certain aspects of ASU 2016-13. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses by shifting from the incurred loss model to the expected loss model whereby entities are required to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivable.

On July 1, 2023, the Organization adopted the new accounting standard and all of the related amendments using the modified retrospective method. The impact of the adoption was not considered material to the financial statements.

Reclassifications –

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation in the current year's financial statements. These reclassifications have no effect on the previously reported change in net assets.

3. CONCENTRATION OF CREDIT AND MARKET RISK

Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist principally of cash, cash equivalents and restricted cash, certificates of deposit, accounts receivable and revenue, contributions and grants receivable, and the beneficial interest in charitable perpetual trust.

Cash, Cash Equivalents and Restricted Cash and Certificates of Deposit –

The Organization maintains its cash in bank deposit and certificates of deposit accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed the federally insured limits. The Organization has not experienced losses in any of these accounts.

Accounts Receivable and Revenue –

Revenue from one program, the Thrift Shop, represented approximately 14% and 12% of total revenues for the years ended June 30, 2024 and 2023. Excluding in-kind food donations, the program represented approximately 20% and 15% of total revenues for the years ended June 30, 2024 and 2023.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

3. CONCENTRATION OF CREDIT AND MARKET RISK (Continued)

Contribution and Grants Receivable –

Credit risk associated with contributions and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts due are from Board members, corporations and individuals supportive of the Organization's mission. For the years ended June 30, 2024 and 2023, one donor accounted for approximately 25% and 52% of contributions and grants revenue, respectively. For the years ended June 30, 2024 and 2023, three donors and two donors, respectively, accounted for approximately 63% and 59% of contributions and grants receivable.

Beneficial Interest in Charitable Perpetual Trust –

The Organization's holdings in the beneficial interest in charitable perpetual trust are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amount reported in the financial statements.

4. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the donor has set aside the funds for a specific time period or purpose.

	June 30,	
	2024	2023
Financial assets:		
Cash, cash equivalents and restricted cash	\$ 2,289,607	\$ 2,567,616
Contributions and grants receivable, net	1,169,596	978,353
Certificates of deposit	1,265,779	674,287
Accounts receivable	33,186	9,321
Current financial assets, at year end	<u>4,758,168</u>	<u>4,229,577</u>
Less those unavailable for general expenditure within one year, due to:		
Board designations for various purposes	1,385,778	1,403,615
Contributions and grants receivable collectible beyond one year	250,252	493,281
Other donor restricted net assets for a specified purpose	525,700	424,936
	<u>2,161,730</u>	<u>2,321,832</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,596,438</u></u>	<u><u>\$ 1,907,745</u></u>

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

4. LIQUIDITY AND FUNDS AVAILABLE (Continued)

The Organization receives significant contributions without donor restrictions and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following two guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization currently has a board designated fund established as a cash reserve which it intends to build over time through operations. As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in certificates of deposit. In addition, the Organization has a \$100,000 line of credit available to meet cash requirements.

5. CONTRIBUTION AND GRANTS RECEIVABLE

Unconditional contributions and grants receivable are as follows as of:

	June 30,	
	2024	2023
Amounts due in:		
Less than one year	\$ 934,344	\$ 500,072
One to five years	265,000	529,000
Less: Allowance for uncollectible contributions receivable	(15,000)	(15,000)
Less: Unamortized discount	(14,748)	(35,719)
Subtotal	1,169,596	978,353
Less: Current portion of contributions and grants receivable	919,344	485,072
Contributions and grants receivable, less current portion	<u>\$ 250,252</u>	<u>\$ 493,281</u>

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of:

	June 30,	
	2024	2023
Land	\$ 560,003	\$ 560,003
Building and improvements	5,670,836	1,952,842
Machinery and equipment	636,786	608,773
Motor vehicles	393,381	393,381
Construction in progress	562,747	2,686,749
	<u>7,823,753</u>	<u>6,201,748</u>
Less: Accumulated depreciation	1,372,091	1,178,348
Property and equipment, net	<u><u>\$ 6,451,662</u></u>	<u><u>\$ 5,023,400</u></u>

7. BENEFICIAL INTEREST IN CHARITABLE PERPETUAL TRUST

During the year ended June 30, 2023, the Organization received a beneficial interest in a charitable perpetual trust valued at \$4,000,465. Based on the terms of the trust agreement, the Organization will receive all income earned by the trust, which is to be distributed on a quarterly basis in perpetuity or until the Organization ceases to exist. The Organization is not a trustee of the perpetual trust, and the trust is administered by a third-party investment custodian.

The beneficial interest in the trust is reported at fair value, which is estimated as the fair value of the underlying assets. As of June 30, 2024 and 2023, the fair value of the beneficial interest in the charitable perpetual trust was \$4,375,559 and \$4,000,465, respectively. Distributions of income from the trust assets are for general purposes and are reported as investment return without donor restrictions. The value of the beneficial interest in the trust is adjusted annually for the change in estimated fair value, which are reported as changes in net assets with donor restrictions on the statements of activities.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

8. FAIR VALUE MEASUREMENTS

The following table is a summary of the Organization's financial assets measured at fair value on a recurring basis:

Assets Measured at Fair Value as of June 30, 2024				
	Total	Level 1	Level 2	Level 3
Beneficial interest in charitable perpetual trust	\$ 4,375,559	\$ -	\$ -	\$ 4,375,559
	<u>\$ 4,375,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,375,559</u>
Assets Measured at Fair Value as of June 30, 2023				
	Total	Level 1	Level 2	Level 3
Beneficial interest in charitable perpetual trust	\$ 4,000,465	\$ -	\$ -	\$ 4,000,465
	<u>\$ 4,000,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000,465</u>

9. NOTES PAYABLE

Notes payable consisted of the following as of:

	June 30,	
	2024	2023
Note payable to a bank in 300 monthly principal and interest payments through May 2044. Per the original note terms, the monthly payments were to amount to \$3,029 with an interest rate of 4.5% over the first ten years. 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 Organization requested a rate modification, which was approved effective December 24, 2020. The modification reduced the interest rate to 3.875% for the remainder of the first ten years of the note term. The note is secured by a certain parcel of real estate.	\$ 436,349	\$ 460,635
Less: current portion	16,125	15,513
	<u>\$ 420,224</u>	<u>\$ 445,122</u>

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

9. NOTES PAYABLE (Continued)

Aggregated principal maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 16,125
2026	16,761
2027	17,422
2028	18,109
2029	18,824
Thereafter	349,108
	<u>\$ 436,349</u>

10. LINE OF CREDIT

The Organization maintains a \$100,000 line of credit with a bank. Bank advances are payable on demand, with interest payable monthly at the bank's long-term certificate of deposit rate, which was 3.5% at June 30, 2024 and 2023, plus 3%. The line of credit is secured by a certificate of deposit with a value of \$110,837 and \$108,386 as of June 30, 2024 and 2023, respectively. There was no outstanding balance at June 30, 2024 and 2023.

11. NET ASSETS

Net assets without donor restrictions consisted of the following as of:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions:		
Operating	\$ 2,601,097	\$ 2,296,119
Net investment in property and equipment	5,654,766	1,841,306
Board designated:		
Capital campaign	-	92,129
Vehicle replacement	65,000	65,000
Equipment replacement	25,000	25,000
Pilot programs	30,000	30,000
Operating reserves	1,265,778	1,191,486
Total Board designated	<u>1,385,778</u>	<u>1,403,615</u>
Total net assets without donor restrictions	<u>\$ 9,641,641</u>	<u>\$ 5,541,040</u>

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

11. NET ASSETS (Continued)

Net assets with donor restrictions are restricted for the following purposes or time periods as of:

	June 30,	
	2024	2023
Subject to expenditure for specified purpose:		
Capital campaign	\$ -	\$ 2,738,010
Equipment	256,875	-
Food programs	-	40,500
Youth training/support	-	9,279
	<u>256,875</u>	<u>2,787,789</u>
Subject to expenditure for specified purpose and passage of time:		
Capital campaign/time restrictions	272,103	437,303
Registered dietician/time restrictions	30,000	47,884
Food programs/time restrictions	105,000	46,146
Advocacy/time restrictions	36,098	-
	<u>443,201</u>	<u>531,333</u>
Subject to the passage of time:		
Promises to give unavailable for expenditure until due	322,126	384,240
	<u>322,126</u>	<u>384,240</u>
Endowments:		
Subject to endowment spending and appropriation:		
Interest in charitable perpetual trust	4,375,559	4,000,465
Total	<u>\$ 5,397,761</u>	<u>\$ 7,703,827</u>

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

11. NET ASSETS (Continued)

Net assets were released from donor restrictions as follows for the years ended:

	June 30,	
	2024	2023
Release of program activity restrictions:		
Capital campaign	\$ 3,388,010	\$ -
Equipment	143,150	-
Food programs	957,392	-
Organizational capacity	-	50,000
Advocacy	-	28,465
Staffing needs	9,279	21,840
Total program activity restricted net assets	<u>4,497,831</u>	<u>100,305</u>
Release of program activity and time restrictions:		
Capital campaign/time restrictions	425,450	-
Food programs/time restrictions	441,961	438,309
Youth training/support/time restrictions	-	5,145
Registered dietician/time restrictions	17,884	50,000
Advocacy/time restrictions	67,714	-
Total program activity and time restricted net assets	<u>953,009</u>	<u>493,454</u>
Release of time restrictions	<u>108,882</u>	<u>426,335</u>
Total time restricted net assets	<u>108,882</u>	<u>426,335</u>
	<u>\$ 5,559,722</u>	<u>\$ 1,020,094</u>

12. ENDOWMENT

The Organization follows guidance on the net asset classifications and financial statement disclosures related to donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) which was enacted by the Commonwealth of Massachusetts effective June 30, 2009. As such, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

12. ENDOWMENT (Continued)

As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board in a manner that is consistent with the standards of prudence prescribed by UPMIFA and in accordance with policy. The Organization's policy prohibits spending from underwater endowment funds.

Investment Return Objectives, Risk Parameters and Strategies – The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets.

Spending Policy – The Organization's spending policy is to spend only the income generated from the donor restricted endowment corpus. In establishing this policy, the Organization considered the long-term expected return on its endowment fund assets. Accordingly, over the long-term, the Organization expects the current spending policy to be consistent with the Organization's objective to maintain the endowment fund assets held in perpetuity as well as to provide additional growth through investment return.

The following is a summary of changes in endowment net assets for the years ended June 30, 2024 and 2023:

	June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 4,000,465	\$ 4,000,465
Change in value of charitable perpetual trust	-	375,094	375,094
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 4,375,559</u>	<u>\$ 4,375,559</u>
	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Additions:			
Contribution of charitable perpetual trust	-	4,000,465	4,000,465
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 4,000,465</u>	<u>\$ 4,000,465</u>

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

13. IN-KIND DONATIONS

The Organization receives in-kind donations to the food program which is included in the statements of activities as in-kind contributions. The Organization calculated its per pound value of \$1.93 and \$1.92 per pound for the years ended June 30, 2024 and 2023, respectively, based on a national study on average food costs performed by Feeding America. The Organization also receives thrift shop donations of second-hand goods, which are valued at their expected resale value. The Organization recorded the following in-kind donations:

	Years Ended June 30,	
	2024	2023
Donated food	\$ 3,149,851	\$ 2,595,195
Donated thrift shop goods	1,559,686	1,389,484
Total value of donated food	<u>\$ 4,709,537</u>	<u>\$ 3,984,679</u>

14. LEASES

The Organization leases certain retail space. The lease includes one or more options to renew, with renewal terms that can extend the lease term one year. The exercise of lease renewal options is at the Organization's sole discretion.

The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The following summarizes the components of lease expense:

Lease Cost	Years Ended June 30,	
	2024	2023
Operating lease expense (a)	\$ 238,372	\$ 268,946

(a) Includes variable lease costs of \$75,222 and \$64,976 for the years ended June 30, 2024 and 2023, respectively.

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

14. LEASES (Continued)

The following summarizes the weighted average remaining lease term and discount rate:

	Years Ended June 30,	
	2024	2023
Weighted-Average Remaining Lease Term (Years)		
Operating lease	9.25	10.25
Weighted-Average Discount Rate		
Operating lease	3.70%	3.70%

The maturities of the operating lease liability as of June 30, 2024 were as follows:

<u>Year Ending June 30,</u>	
2025	\$ 165,552
2026	165,552
2027	165,552
2028	165,552
2029	167,208
Thereafter	735,060
Total future lease commitments	1,564,476
Less: imputed interest	239,636
Present value of lease liability	1,324,840
Less: current portion of lease liability	119,010
Lease liability, net of current portion	<u>\$ 1,205,830</u>

THE OPEN DOOR CAPE ANN FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS

The President/CEO of the Organization is also a member of the Board of Directors of the Greater Boston Food Bank, a major contributor which provided approximately 52% of total non-cash donations in the form of donated food during the years ended June 30, 2024 and 2023.

In April 2022, the Organization entered into a construction contract with a company owned by one of its directors. Amounts incurred during the years ended June 30, 2024 and 2023 totaled \$2,386,749 and \$533,385, respectively. The project was completed during the year ended June 30, 2024.

16. 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 \$44,218 and \$41,537 for the years ended June 30, 2024 and 2023.

17. CAPITAL CAMPAIGN

Beginning in fiscal year ended June 30, 2019, the Organization began a capital campaign to finance the acquisition of neighboring property for the purpose of expanding its food and nutrition service operations. The construction and renovations included connecting the two properties with a new commercial production kitchen, increasing cold/dry storage, updating existing spaces to include private offices for nutrition counseling and client services, creating open flex space for future needs, and increasing the energy efficiency throughout the campus. Additionally, the campaign included a new generator to power the entire campus, a farmer's truck, two refrigerated delivery vans, and technology architecture investments. The entire project added 7,400 square feet to the existing space substantially increasing the Organization's capacity for nutrition education, prepared meals, and grocery distribution across the region. The total cost of the project was approximately \$4.3 million and it was substantially completed during the year ending June 30, 2024.

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