

**THE OPEN DOOR/
CAPE ANN FOOD PANTRY, INC.**
Financial Statements
For the Years Ended
June 30, 2021 and 2020

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, 2021 and 2020 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, 2021 and 2020 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

January 18, 2022

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statements of Financial Position

June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and Cash Equivalents	\$ 688,925	\$ 1,245,284
Promises to Give, Current Portion	556,583	366,921
Prepaid Expenses	<u>29,797</u>	<u>32,915</u>
Total Current Assets	<u>1,275,305</u>	<u>1,645,120</u>
Property and Equipment, Net of		
Accumulated Depreciation	<u>2,493,480</u>	<u>2,313,570</u>
Other Assets:		
Certificates of Deposit	1,287,320	455,307
Cash and Cash Equivalents -		
Board Designated Funds	1,037,129	212,129
Promises to Give, Net of Current Portion	40,000	156,000
Capital Campaign Assets:		
Certificates of Deposit	1,155,242	903,552
Promises to Give	<u>166,833</u>	<u>412,917</u>
Total Capital Campaign Assets	<u>1,322,075</u>	<u>1,316,469</u>
Total Other Assets	<u>3,686,524</u>	<u>2,139,905</u>
Total Assets	\$ <u><u>7,455,309</u></u>	\$ <u><u>6,098,595</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Note Payable, Current Portion	\$ 13,258	\$ 12,950
Paycheck Protection Program - Note Payable	-	343,700
Accounts Payable and Accrued Expenses	62,872	68,661
Deferred Revenue	43,750	68,750
Accrued Payroll and Payroll Taxes	57,424	42,417
Accrued Vacation	<u>41,479</u>	<u>54,135</u>
Total Current Liabilities	<u>218,783</u>	<u>590,613</u>
Long Term Liabilities:		
Note Payable, Net of Current Portion	<u>493,276</u>	<u>513,575</u>
Total Long Term Liabilities	<u>493,276</u>	<u>513,575</u>
Total Liabilities	<u>712,059</u>	<u>1,104,188</u>
Net Assets:		
Without Donor Restrictions:		
Operating	1,840,517	1,181,221
Net Investment in Property and Equipment	1,986,946	1,787,045
Board Designated	<u>1,037,129</u>	<u>212,129</u>
Total Without Donor Restrictions	4,864,592	3,180,395
With Donor Restrictions	<u>1,878,658</u>	<u>1,814,012</u>
Total Net Assets	<u>6,743,250</u>	<u>4,994,407</u>
Total Liabilities and Net Assets	\$ <u><u>7,455,309</u></u>	\$ <u><u>6,098,595</u></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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Contributions	\$ 1,362,343	\$ 367,673	\$ 1,730,016
In-Kind Food Donations	2,763,980	-	2,763,980
Public Grants	204,749	174,279	379,028
Corporate/ Foundation Grants	856,190	-	856,190
Fundraising	631,752	65,000	696,752
Loss on Promises to Give	(28,457)	-	(28,457)
Thrift Shop Sales	938,966	-	938,966
Prepared Meals Reimbursement	116,160	-	116,160
Interest Income	14,666	-	14,666
Miscellaneous Income	2,391	-	2,391
Paycheck Protection Program Loan Forgiveness	345,781	-	345,781
Net assets released from restrictions: Satisfaction of Performance	<u>542,306</u>	<u>(542,306)</u>	<u>-</u>
 Total Revenues	 <u>7,750,827</u>	 <u>64,646</u>	 <u>7,815,473</u>
Expenses:			
Program	5,360,011	-	5,360,011
Management and General	395,697	-	395,697
Fundraising	<u>310,922</u>	<u>-</u>	<u>310,922</u>
 Total Expenses	 <u>6,066,630</u>	 <u>-</u>	 <u>6,066,630</u>
 Change in Net Assets	 1,684,197	 64,646	 1,748,843
Net Assets, Beginning of Year	<u>3,180,395</u>	<u>1,814,012</u>	<u>4,994,407</u>
Net Assets, End of year	<u>\$ 4,864,592</u>	<u>\$ 1,878,658</u>	<u>\$ 6,743,250</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 1,036,824	\$ 1,414,520	\$ 2,451,344
In-Kind Food Donations	3,426,394	-	3,426,394
Public Grants	14,601	37,504	52,105
Corporate / Foundation Grants	406,638	527,750	934,388
Fundraising	1,089,161	-	1,089,161
Loss on Promises to Give	(12,290)	-	(12,290)
Thrift Shop Sales	935,307	-	935,307
Prepared Meals Reimbursement	49,370	-	49,370
Interest Income	13,166	-	13,166
Miscellaneous Income	4,153	-	4,153
Net assets released from restrictions:			
Satisfaction of Performance	588,892	(588,892)	-
 Total Revenues	 <u>7,552,216</u>	 <u>1,390,882</u>	 <u>8,943,098</u>
Expenses:			
Program	5,824,662	-	5,824,662
Management and General	411,556	-	411,556
Fundraising	337,156	-	337,156
 Total Expenses	 <u>6,573,374</u>	 <u>-</u>	 <u>6,573,374</u>
 Change in Net Assets	 978,842	 1,390,882	 2,369,724
Net Assets, Beginning of Year	<u>2,201,553</u>	<u>423,130</u>	<u>2,624,683</u>
Net Assets, End of Year	\$ <u>3,180,395</u>	\$ <u>1,814,012</u>	\$ <u>4,994,407</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, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

	Program					2021 Total	2020 Total
	Distribution	Nutrition & Advocacy	Thrift Shop	Total Program	Management and General		
Salaries and Wages	\$ 516,842	\$ 286,548	\$ 404,699	\$ 1,208,089	\$ 163,105	\$ 224,253	\$ 1,595,447
Payroll Taxes	46,176	27,543	37,901	111,620	27,951	12,890	152,461
Employee Benefits	28,465	19,051	35,510	83,026	58,060	37,759	178,845
Food Purchased and Distributed	350,099	62,204	58	412,361	23	-	412,384
Food Donated and Distributed	2,763,980	-	-	2,763,980	-	-	2,763,980
Occupancy	86,691	10,024	204,356	301,071	18,173	2,357	321,601
Transportation	16,856	2,063	1,273	20,192	3,550	-	23,742
Small Equipment Purchases	33,629	-	5,047	38,676	200	-	38,876
Employment Expenses	53,428	972	3,201	57,601	4,687	912	63,200
Accounting	-	-	-	-	13,513	-	13,513
Advertising	400	-	2,415	2,815	1,278	-	4,093
Insurance	17,960	17,960	17,960	53,880	3,592	2,395	59,867
Postage and Delivery	3,035	160	3,074	6,269	1,142	7,075	14,486
Supplies	34,206	19,414	7,904	61,524	2,141	763	64,428
Printing and Publications	5,691	-	-	5,691	-	11,226	16,917
Bank and Credit Card Fees	4,799	488	17,291	22,578	206	452	23,236
Office Expenses	6,372	4,055	7,519	17,946	9,359	1,946	29,251
Outreach	15,223	1,726	-	16,949	-	79	17,028
Technology	16,758	2,266	591	19,615	7,666	7,566	34,847
Outside Services	13,459	8,217	1,348	23,024	78,969	1,249	103,242
Interest Expense	-	-	-	-	2,082	-	2,082
Depreciation	117,810	-	15,294	133,104	-	-	133,104
Total	\$ 4,131,879	\$ 462,691	\$ 765,441	\$ 5,360,011	\$ 395,697	\$ 310,922	\$ 6,066,630
							\$ 6,573,374

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, 2020

	Program						
	Distribution	Nutrition & Advocacy	Thrift Shop	Total Program	Management and General	Fundraising	Total
	\$	\$	\$	\$	\$	\$	\$
Salaries and Wages	486,707	287,499	440,261	1,214,467	253,786	251,063	1,719,316
Payroll Taxes	43,094	25,478	40,181	108,753	32,081	14,842	155,676
Employee Benefits	29,109	21,540	54,296	104,945	57,549	29,700	192,194
Food Purchased and Distributed	266,653	32,077	64	298,794	111	1,379	300,284
Food Donated and Distributed	3,426,394	-	-	3,426,394	-	-	3,426,394
Occupancy	88,171	28,770	159,675	276,616	7,193	5,754	289,563
Transportation	24,596	20,593	2,784	47,973	3,022	194	51,189
Small Equipment Purchases	9,094	2,424	3,585	15,103	186	-	15,289
Employment Expenses	5,947	6,466	2,822	15,235	3,931	1,390	20,556
Accounting	-	-	-	-	13,250	-	13,250
Advertising	100	-	3,031	3,131	975	200	4,306
Insurance	18,237	18,237	18,237	54,711	3,647	2,432	60,790
Postage and Delivery	6,519	239	9,298	16,056	429	7,027	23,512
Supplies	24,936	20,537	12,520	57,993	1,736	1,277	61,006
Printing and Publications	1,442	185	3,271	4,898	467	10,257	15,622
Bank and Credit Card Fees	3,103	726	16,523	20,352	318	284	20,954
Office Expenses	5,134	2,517	6,004	13,655	9,001	1,792	24,448
Outreach	8,491	1,951	98	10,540	575	2,236	13,351
Technology	9,375	1,896	2,620	13,891	3,972	6,679	24,542
Outside Services	1,060	12,255	-	13,315	19,327	650	33,292
Depreciation	103,305	-	4,535	107,840	-	-	107,840
Total	\$ 4,561,467	\$ 483,390	\$ 779,805	\$ 5,824,662	\$ 411,556	\$ 337,156	\$ 6,573,374

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,748,843	\$ 2,369,724
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	133,104	107,840
Certificates of Deposit Interest	(14,523)	(11,297)
Accrued Interest Expense	2,082	-
Paycheck Protection Program Loan Forgiveness	(345,782)	-
Gain on Sale of Asset	(408)	-
(Increase) Decrease in:		
Promises to Give - Program Related	(73,662)	(28,118)
Promises to Give - Capital Campaign	246,084	(412,917)
Prepaid Expenses	3,118	(2,435)
Collectibles Held for Sale	-	7,000
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(5,789)	(6,823)
Deferred Revenue	(25,000)	(25,000)
Accounts Payroll and Payroll Taxes	15,007	5,902
Accrued Vacation	(12,656)	26,075
Net Cash Provided by Operating Activities	<u>1,670,418</u>	<u>2,029,951</u>
Cash Flows from Investing Activities:		
Purchase of Certificates of Deposit	(1,069,180)	(1,000,000)
Proceeds from Sale of Asset	3,000	-
Purchase of Vehicles	(145,248)	(70,133)
Purchase of Building and Soft Costs	(30,790)	(80,576)
Purchase of Equipment	(81,741)	(20,648)
Purchase of Thrift Shop Improvements	(9,315)	(44,553)
Purchase of Pantry Improvements	(48,512)	(14,492)
Net Cash (Used) by Investing Activities	<u>(1,381,786)</u>	<u>(1,230,402)</u>
Cash Flows from Financing Activities:		
Proceeds of Paycheck Protection Program - Note Payable	-	343,700
Payments of Note Payable	(19,991)	(17,475)
Net Cash Provided (Used) by Financing Activities	<u>(19,991)</u>	<u>326,225</u>
Net Increase in Cash and Cash Equivalents	268,641	1,125,774
Cash and Cash Equivalents, Beginning of Year	<u>1,457,413</u>	<u>331,639</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,726,054</u>	<u>\$ 1,457,413</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, 2021 and 2020

Supplemental Disclosures:

Operating activities reflect interest accrued of \$2,082 for the year ended June 30, 2021 which was expensed and included on the Statement of Functional Expenses.

Investing activities reflect interest paid of \$22,008 for the year ended June 30, 2021 which was capitalized and included in Property and Equipment, Net on the Statement of Financial Position.

Investing activities reflect interest paid of \$24,525 for the year ended June 30, 2020 which was capitalized and included in Property and Equipment, Net on the Statement of Financial Position.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

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, represented approximately 12% and 10% of total revenues for the years ended June 30, 2021 and 2020, respectively. Excluding In-Kind Food Donations, the program represented approximately 19% and 17% of total revenues for the years ended June 30, 2021 and 2020, respectively.

The Thrift Shop operation provided \$295,000 and \$270,000 in net direct support to the food pantry operations for the year ended June 30, 2021 and 2020, respectively. Due to the Covid-19 pandemic, the Thrift Shop ceased operations mid-March of 2020 and reopened, on a modified schedule on June 24, 2020.

Support from a Major Contributor

The Organization received approximately 22% and 33% of total support and revenue from one donor, The Greater Boston Food Bank, for the years ended June 30, 2021 and 2020, respectively. These contributions were in the form of donated food.

Revenue and Revenue Recognition

Revenue is recognized when earned. The sale of donated in-kind inventory in the Organization's thrift-shop is recognized when the item is sold. 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.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2021 and 2020

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

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.

Cash and Cash Equivalents are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Operating	\$ 688,925	\$ 1,245,284
Board Designated	<u>1,037,129</u>	<u>212,129</u>
	<u>\$ 1,726,054</u>	<u>\$ 1,457,413</u>

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.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2021 and 2020

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

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense amounted to \$4,093 and \$4,306 for the years ended June 30, 2021 and 2020, 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 past three tax years remain open for possible examination by the Internal Revenue Service.

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

During the year ended June 30, 2017, the Organization recorded the contribution of certain collectibles at fair market value, which was \$7,000, as of the date of the donation. The items were carried at fair market value until such time as management deemed it appropriate to sell, at which time a realized gain or loss was to be recognized in the statement of activities. During the year ended June 30, 2020, the Organization sold a portion of the collectibles for \$2,700 and decided to no longer carry the value of the remaining collectibles on the Statement of Financial Position. The \$4,300 reduction in the remaining value is recorded as reduction to contributions.

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, 2021 and 2020. The value of contributed materials is recorded based upon the fair market value of the goods received less any cost to the organization. Other than referred to above, no other amounts were recorded during the years ended June 30, 2021 and 2020.

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 16,200 and 24,800 for the years ended June 30, 2021 and 2020, respectively.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2021 and 2020

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

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.

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 \$1.74 and \$1.62 per pound for the years ended June 30, 2021 and 2020, respectively. The Organization recorded the following In-Kind Donations of food for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Pounds of Donated Food	1,588,494	2,115,058
Value Per Pound	\$ 1.74	\$ 1.62
Total Value of Donated Food	<u>\$ 2,763,980</u>	<u>\$ 3,426,394</u>

The Organization recorded a corresponding expense which is detailed in the statement of functional expenses as Food Donated 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, 2021 and 2020

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

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

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Life</u>
Land	\$ 437,918	\$ 437,918	
Building	1,994,894	1,915,592	39 Years
Food Pantry Equipment	392,974	311,233	5 Years
Thrift Shop Equipment	166,870	157,555	3-10 Years
Vehicles	409,419	287,871	5 Years
	<u>3,402,075</u>	<u>3,110,169</u>	
Accumulated Depreciation	<u>(908,595)</u>	<u>(796,599)</u>	
	<u>\$ 2,493,480</u>	<u>\$ 2,313,570</u>	

Depreciation expense amounted to \$133,104 and \$107,840 for the years ended June 30, 2021 and 2020, 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. No discount has been calculated on current year receivables because management deems the amount to be immaterial. 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 \$43,750 and \$68,750 at June 30, 2021 and 2020, respectively.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2021 and 2020

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

Impact of COVID-19

In March 2020, the World Health Organization declared a COVID-19 pandemic. The impact of the pandemic has affected the Organization's operations, donors, vendors and client base. The Organization's financial statements reflect significant fluctuations in revenue and expenses and, as a result, are not comparable to amounts reported in the 2020 financial statements. The Organization significantly modified its operations due to government mandates and took advantage of several assistance programs to finance the changes and requirements. The extent to which the pandemic impacts the Organization's activities and results in fiscal year 2022 and beyond will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus and its impact, among others.

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>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,610,597	\$1,457,413
Promises to Give	556,583	366,921
Total	<u>\$ 2,167,180</u>	<u>\$1,824,334</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, 2021 and 2020

3. Unconditional Promises to Give

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

	2021	2020
Receivable in One Year	\$ 657,666	\$ 598,004
Receivable in Two to Five Years	105,750	337,834
Receivable in more than Five Years	<u>-</u>	<u>-</u>
Total Unconditional Promises to Give	763,416	935,838
Less Discounts to Net Present Value	<u>-</u>	<u>-</u>
Net Unconditional Promises to Give	<u>\$ 763,416</u>	<u>\$ 935,838</u>
Program Related:		
Promises to Give, Current Portion	\$ 556,583	\$ 366,921
Promises to Give, Net of Current Portion	<u>40,000</u>	<u>156,000</u>
Total Program Related	<u>596,583</u>	<u>522,921</u>
Capital Campaign:		
Promises to Give, Current Portion	101,083	231,083
Promises to Give, Net of Current Portion	<u>65,750</u>	<u>181,834</u>
Total Capital Campaign	<u>166,833</u>	<u>412,917</u>
Total	<u>\$ 763,416</u>	<u>\$ 935,838</u>

4. Conditional Promises to Give

During the year ended June 30, 2021, the Organization was the recipient of a conditional promise to give. Subject to the terms of the promise, the Organization will receive \$50,000 per year for ten years through June 2030. The first payment of \$50,000 was received in June 2021. The outstanding balance of the conditional promise to give was \$450,000 at June 30, 2021.

5. Line of Credit

The Organization maintains a \$100,000 line of credit with a bank which was unused at June 30, 2021 and 2020. Bank advances are payable on demand, with interest payable monthly at the bank's eighteen-month certificate of deposit rate plus 3%, which was 3.75% and 4% at June 30, 2021 and 2020, respectively. The line of credit is secured by a \$100,000 certificate of deposit. Available borrowings amounted to \$100,000 at June 30, 2021 and 2020.

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Notes to Financial Statements - Continued
For the Years Ended June 30, 2021 and 2020

6. Note Payable

Note Payable consists of the following at June 30:

	2021	2020
<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>	\$ 506,534	\$ 526,525
	506,534	526,525
Less Current Portion	(13,258)	(12,950)
Long-Term Portion	\$ 493,276	\$ 513,575

Maturities of note payable over the next five years are as follows at June 30, 2021:

Fiscal Years Ending June 30:

2022	\$	13,258
2023		13,867
2024		14,504
2025		15,170
2026		15,867
Thereafter		433,868
	\$	506,534

7. Paycheck Protection Program – Note Payable

On April 20, 2020, the Organization was granted a loan from a bank in the amount of \$343,700 pursuant to the Paycheck Protection Program (the “PPP”). The PPP, established under the CARES Act, provides for loans to qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses of the qualifying organization. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, interest on debt obligations incurred before February 15, 2020, and maintains its staffing levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2021 and 2020

7. Paycheck Protection Program – Note Payable - Continued

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization used the proceeds for purposes consistent with the PPP conditions and recorded the forgiveness of the loan, along with accrued interest, as revenue on the statement of activities for the year ended June 30, 2021 totaling \$345,782.

8. Net Assets

Net Assets consist of the following at June 30:

	2021	2020
Net Assets Without Donor Restrictions:		
Operating	\$ 1,840,517	\$ 1,181,221
Net Investment in Property and Equipment	1,986,946	1,787,045
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
Operating Reserves	825,000	-
Total Board Designated	1,037,129	212,129
Total Net Assets Without Donor Restrictions	4,864,592	3,180,395
Net Assets With Donor Restrictions:		
Subject to Expenditures for Specified Purpose:		
Capital Campaign	1,322,075	1,321,469
Capital Project	-	8,350
Youth Training/ Food Rescue	5,284	-
Advocacy	30,173	18,285
Food Programs	55,000	278,000
Registered Dietician	25,000	55,000
	1,437,532	1,681,104
Subject To the Passage of Time:		
Promises to Give, Without Donor Restrictions, But Which Are Unavailable for Expenditure Until Due	441,126	132,908
Total Net Assets With Donor Restrictions	1,878,658	1,814,012
 Total Net Assets	 \$ 6,743,250	 \$ 4,994,407

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Notes to Financial Statements - Continued
For the Years Ended June 30, 2021 and 2020

9. 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. In September 2020, the Thrift Shop location began leasing additional space at the rate of \$1,900 per month bringing the total monthly rent obligation to \$12,428.

Future minimum lease payments for the next five years as of June 30, 2021 are as follows:

Fiscal Years Ending June 30:	
2022	\$ 149,136
2023	149,136
2024	37,284
2025	-
2026	-
	<u>\$ 335,556</u>

The Organization paid rent of \$145,536 and \$127,536 for the years ended June 30, 2021 and 2020, respectively.

10. Operating Lease Commitment

During the year ended June 30, 2021, the Organization leased a vehicle subject to an operating lease. Thirty-six monthly payments of \$439 are due through June 2024.

Future minimum lease payments for the next five years as of June 30, 2021 are as follows:

Fiscal Years Ending June 30:	
2022	\$ 5,268
2023	5,268
2024	5,268
2025	-
2026	-
	<u>\$ 15,804</u>

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Notes to Financial Statements - Continued
For the Years Ended June 30, 2021 and 2020

11. Related Party Transactions

During the year ended June 30, 2020, 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 \$7,212 for the year ended June 30, 2020. As of July 1, 2020, the individual was no longer a board member.

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 provides approximately 33% of total support and revenue in the form of donated food.

12. 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 \$26,456 and \$25,622 for the years ended June 30, 2021 and 2020, respectively.

13. Subsequent Events

In May 2019, the Organization purchased the building located next to its food program and administrative property with the intention of undertaking major renovations during the year ended June 30, 2021. Due to the Covid-19 pandemic and the Organization's focus on meeting immediate community needs, those renovations were put on hold until such time as activities return to normal.

Except as noted above, the Organization did not have any subsequent events through January 18, 2022, 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, 2021.