

**THE OPEN DOOR/
CAPE ANN FOOD PANTRY, INC.**
Financial Statements
For the Years Ended
December 31, 2014 and 2013

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 December 31, 2014 and 2013 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

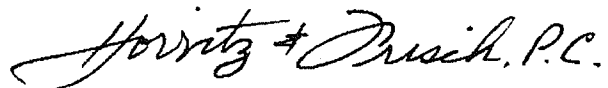
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 December 31, 2014 and 2013 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.

A handwritten signature in cursive script that reads "Horvitz & Frisch, P.C.".

HORVITZ & FRISCH, P.C.

September 22, 2015

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statements of Financial Position

For the Years Ended December 31, 2014 and 2013

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and Cash Equivalents	\$ 1,139,835	\$ 339,676
Promises to Give, Current Portion	215,688	505,754
Prepaid Expenses	13,816	8,035
Total Current Assets	<u>1,369,339</u>	<u>853,465</u>
Property and Equipment, Net of Accumulated Depreciation	<u>1,016,379</u>	<u>664,092</u>
Other Assets:		
Certificates of Deposit	208,683	207,747
Promises to Give, Net of Current Portion	75,076	42,832
Investments	12,967	11,411
Total Other Assets	<u>296,726</u>	<u>261,990</u>
Total Assets	\$ <u><u>2,682,444</u></u>	\$ <u><u>1,779,547</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Notes Payable, Current Portion	\$ 31,293	\$ 36,967
Accounts Payable and Accrued Expenses	71,209	32,989
Accrued Payroll and Payroll Taxes	27,791	14,242
Accrued Vacation	7,152	5,272
Total Current Liabilities	<u>137,445</u>	<u>89,470</u>
Long Term Liabilities:		
Notes Payable, Net of Current Portion	<u>212,724</u>	<u>259,546</u>
Total Long Term Liabilities	<u>212,724</u>	<u>259,546</u>
Total Liabilities	<u>350,169</u>	<u>349,016</u>
Net Assets:		
Unrestricted:		
Operating	549,069	305,775
Net Investment in Property and Equipment	772,362	367,579
Board Designated	212,129	212,129
Total Unrestricted	<u>1,533,560</u>	<u>885,483</u>
Temporarily Restricted	<u>798,715</u>	<u>545,048</u>
Total Net Assets	<u>2,332,275</u>	<u>1,430,531</u>
Total Liabilities and Net Assets	\$ <u><u>2,682,444</u></u>	\$ <u><u>1,779,547</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 December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 243,265	\$ 596,689	\$ 839,954
In-kind Food Donations	1,665,916	-	1,665,916
Public Grants	83,894	-	83,894
Private Foundations	592,016	-	592,016
Fundraising	212,076	-	212,076
Thrift Shop	903,435	-	903,435
Interest Income	3,039	-	3,039
Investment Return	1,556	-	1,556
Miscellaneous Income	2,565	-	2,565
Net assets released from restrictions:			
Satisfaction of Performance	<u>343,022</u>	<u>(343,022)</u>	<u>-</u>
 Total Revenues	 <u>4,050,784</u>	 <u>253,667</u>	 <u>4,304,451</u>
 Expenses:			
Program	3,112,402	-	3,112,402
Management and General	248,353	-	248,353
Fundraising	<u>41,952</u>	<u>-</u>	<u>41,952</u>
 Total Expenses	 <u>3,402,707</u>	 <u>-</u>	 <u>3,402,707</u>
 Change in Net Assets	 648,077	 253,667	 901,744
 Net Assets, Beginning of Year	 <u>885,483</u>	 <u>545,048</u>	 <u>1,430,531</u>
 Net Assets, End of Year	 <u>\$ 1,533,560</u>	 <u>\$ 798,715</u>	 <u>\$ 2,332,275</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 December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 193,381	\$ 535,764	\$ 729,145
In-kind Food Donations	1,405,762	-	1,405,762
Public Grants	31,421	-	31,421
Private Foundations	334,102	-	334,102
Fundraising	175,479	-	175,479
Thrift Shop	753,013	-	753,013
Rental Income	8,060	-	8,060
Interest Income	2,781	-	2,781
Investment Return	2,779	-	2,779
Net assets released from restrictions:			
Satisfaction of Performance	<u>19,642</u>	<u>(19,642)</u>	<u>-</u>
 Total Revenues	<u>2,926,420</u>	<u>516,122</u>	<u>3,442,542</u>
 Expenses:			
Program	2,682,119	-	2,682,119
Management and General	197,677	-	197,677
Fundraising	<u>11,233</u>	<u>-</u>	<u>11,233</u>
 Total Expenses	<u>2,891,029</u>	<u>-</u>	<u>2,891,029</u>
 Change in Net Assets	35,391	516,122	551,513
 Net Assets, Beginning of Year	<u>850,092</u>	<u>28,926</u>	<u>879,018</u>
 Net Assets, End of Year	\$ <u>885,483</u>	\$ <u>545,048</u>	\$ <u>1,430,531</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 December 31, 2014

	Program		Management and General	Fundraising Expenses	Total
	Food and Meals	Thrift Shop	Total		
Salaries and Wages	\$ 401,399	\$ 282,720	\$ 684,119	\$ 31,076	\$ 819,057
Payroll Taxes	37,497	26,410	63,907	2,903	76,512
Employee Benefits	6,295	7,976	14,271	2,369	73,507
Food Purchase	224,783	-	224,783	-	224,783
In-Kind Food Donations	1,665,916	-	1,665,916	-	1,665,916
Transportation	60,509	26	60,535	-	60,535
Small Equipment Purchases	7,749	11,648	19,397	-	19,397
Occupancy	81,819	139,098	220,917	-	230,008
Employment Expenses	-	-	-	-	20,501
Accounting	-	-	-	-	11,259
Advertising	1,898	950	2,848	-	2,848
Insurance	-	-	-	-	25,108
Postage and Delivery	5,907	552	6,459	1,070	7,529
Supplies	31,888	9,292	41,180	1,185	42,365
Printing and Publications	5,896	1,209	7,105	3,349	10,454
Bank and Credit Card Fees	573	12,581	13,154	-	13,154
Outside Services	4,955	500	5,455	-	5,455
Office Expenses	5,019	2,441	7,460	11,100	18,560
Outreach	15,199	-	15,199	-	15,199
Depreciation	50,386	9,311	59,697	-	60,560
Total	\$ 2,607,688	\$ 504,714	\$ 3,112,402	\$ 41,952	\$ 3,402,707

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 December 31, 2013

	Program		Management and General	Fundraising Expenses	Total
	Food and Meals	Thrift Shop			
	\$	\$	\$	\$	\$
Salaries and Wages	349,617	227,614	98,442	4,102	679,775
Payroll Taxes	33,171	21,595	9,340	389	64,495
Employee Benefits	2,091	24,138	26,412	1,100	53,741
Food Purchase	173,037	-	-	-	173,037
In-Kind Food Donations	1,405,762	-	-	-	1,405,762
Transportation	54,124	-	-	-	54,124
Small Equipment Purchases	13,956	11,005	-	-	24,961
Occupancy	77,535	133,897	8,615	-	220,047
Employment Expenses	-	-	11,134	-	11,134
Accounting	-	-	10,135	-	10,135
Subgrants	-	-	-	-	-
Advertising	1,406	1,328	-	-	2,734
Insurance	-	-	25,866	-	25,866
Postage and Delivery	3,746	1,539	-	405	5,690
Supplies	20,283	11,079	-	3,679	35,041
Printing and Publications	8,009	2,166	-	1,558	11,733
Bank and Credit Card Fees	557	9,669	-	-	10,226
Outside Services	6,845	900	-	-	7,745
Office Expenses	4,880	2,985	6,869	-	14,734
Outreach	21,558	-	-	-	21,558
Depreciation	45,464	12,163	864	-	58,491
Total	2,222,041	460,078	197,677	11,233	2,891,029

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 December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 901,744	\$ 551,513
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	60,560	58,491
Investment Return	(1,556)	(2,779)
Certificates of Deposit Interest	(936)	(2,163)
(Increase) Decrease in:		
Promises to Give	257,822	(473,805)
Prepaid Expenses	(5,781)	14,464
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	53,649	24,841
Net Cash Provided by Operating Activities	<u>1,265,502</u>	<u>170,562</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(412,847)</u>	<u>(67,109)</u>
Net Cash (Used) by Investing Activities	<u>(412,847)</u>	<u>(67,109)</u>
Cash Flows from Financing Activities:		
Payments of Notes Payable	<u>(52,496)</u>	<u>(36,110)</u>
Net Cash (Used) by Financing Activities	<u>(52,496)</u>	<u>(36,110)</u>
Net Increase in Cash and Cash Equivalents	800,159	67,343
Cash and Cash Equivalents, Beginning of Year	<u>339,676</u>	<u>272,333</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>1,139,835</u></u>	\$ <u><u>339,676</u></u>

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statements of Cash Flows - Continued

For the Years Ended December 31, 2014 and 2013

Supplemental Disclosures:

During the year ended December 31, 2013, the Organization acquired a vehicle by incurring a note payable as follows:

Purchase Price of Vehicle	\$	23,700
Note Payable		<u>(15,000)</u>
Cash Paid	\$	<u>8,700</u>

Operating activities reflect interest paid of \$12,149 and \$15,318 for the years ended December 31, 2014 and 2013, respectively.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements

For the Years Ended December 31, 2014 and 2013

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 communities Gloucester, Rockport, Essex, Manchester-by-the-Sea and Ipswich, Massachusetts. It 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.

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 21% of total revenues.

The Thrift Shop operation provided \$421,224 and \$325,000 in direct support to the food pantry operations for the years ended December 31, 2014 and 2013, respectively.

Support from a Major Contributor

The Organization received approximately 20% of total support and revenue from one donor, The Greater Boston Food Bank, during 2014 and 2013. These contributions were in the form of donated food.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of program, management and general, and fundraising expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Board designated restrictions are considered unrestricted under these reporting standards.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2014 and 2013

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

Financial Statements Presentation - Continued

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of The Open Door/Cape Ann Food Pantry, Inc. and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by The Open Door/Cape Ann Food Pantry, Inc. Generally, the donors of these assets permit The Open Door/Cape Ann Food Pantry, Inc. to use all or part of the income earned on related investments for general or specific purposes.

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.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense amounted to \$2,848 and \$2,734 for the years ended December 31, 2014 and 2013, 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.

Contributions

In accordance with ASC Topic 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

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.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended December 31, 2014 and 2013

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

In-Kind Contributions of Materials and Services - Continued

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 22,166 and 22,634 for the years ended December 31, 2014 and 2013, respectively.

The value of contributed materials is recorded based upon the fair market value of the goods received less any cost to the organization. See Inventory – Food Program and In-kind Food Donations and Inventory – Thrift Shop Program.

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 \$1.72 and \$1.69 per pound for the years ended December 31, 2014 and 2013, respectively. The Organization recorded the following in-kind donations of food for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Pounds of Donated Food	968,556	831,812
Value Per Pound	\$ <u>1.72</u>	\$ <u>1.69</u>
Total Value of Donated Food	\$ <u>1,665,916</u>	\$ <u>1,405,762</u>

The Organization recorded a corresponding expense which is detailed in the statement of functional expenses as In-Kind Food Donations.

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 December 31, 2014 and 2013

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

Investments

The Organization follows Topic 820 of the FASB accounting standards codification. Topic 820 defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. Topic 820 established a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value framework under Topic 820 are as follows:

Level I: Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level II: Inputs other than quoted prices that are unobservable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level III: Inputs that are unobservable.

An investments' level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

The Organization's management values investments, which are publicly traded, using observable, or Level I inputs – the quoted price in an active market.

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.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2014 and 2013

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

Property and Equipment – Continued

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.

Property and equipment consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>	<u>Estimated Useful Life</u>
Land	\$ 186,911	\$ 186,911	
Construction In Progress	364,422	-	
Building	357,216	357,216	39 Years
Food Pantry Equipment	277,857	239,515	5 Years
Thrift Shop Equipment	<u>95,004</u>	<u>84,921</u>	5 Years
	1,281,410	868,563	
Accumulated Depreciation	<u>(265,031)</u>	<u>(204,471)</u>	
	\$ <u>1,016,379</u>	\$ <u>664,092</u>	

Depreciation expense amounted to \$60,560 and \$58,491 for the years ended December 31, 2014 and 2013, 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.

2. Unconditional Promises to Give

Unconditional promises to give are as follows at December 31:

	<u>2014</u>	<u>2013</u>
Receivable in One Year	\$ 219,761	\$ 519,538
Receivable in Two to Five Years	76,500	44,000
Receivable in more than Five Years	-	-
Total Unconditional Promises to Give	<u>296,261</u>	<u>563,538</u>
Less Discounts to Net Present Value	<u>(5,497)</u>	<u>(14,952)</u>
Net Unconditional Promises to Give	\$ <u>290,764</u>	\$ <u>548,586</u>

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended December 31, 2014 and 2013

3. Conditional Promise to Give

During the year ended December 31, 2014, the Organization was notified that it was named a beneficiary in a donor's will. The Organization will receive \$40,000 upon the settlement of the decedent's estate.

4. Operating Lease Commitments

The Organization leased office space under a tenant-at-will agreement, for \$917 per month, to another nonprofit organization during the year ended December 31, 2013. Total rent received amounted to \$8,060 for the year ended December 31, 2013.

5. Rent

Effective October 1, 2008, the Organization entered into five-year lease through September 2013 for its Thrift Store location. During the year ended December 31, 2010, this lease was modified to include additional square footage for the Organization's furniture annex and an area for storage. This agreement was modified again, effective May 1, 2011 to include additional space for the retail operations. The monthly rent, in accordance with its original terms, increased to \$3,950 per month effective November 1, 2010. The furniture annex and additional retail space are under a one year lease, effective May 1, 2011 for a monthly rent of \$900 and \$1,500, respectively. Beginning October 2011, the Organization entered into a tenant at will agreement for garage space at a monthly rate of \$250. Beginning on July 1, 2013, the Organization began renting additional space, as a tenant at will, for \$400 per month.

Effective October 1, 2013, the Organization entered into a ten year lease for its Thrift Store location. Monthly rent for the first five years is \$8,200 which increases to \$8,528 for the second five years.

Future minimum lease payments for the next five years as of December 31, 2014 are as follows:

2015	\$	98,400
2016		98,400
2017		99,384
2018		102,336
2019		<u>102,336</u>
	\$	<u>500,856</u>

The Organization paid rent of \$97,900 and \$94,700 for the years ended December 31, 2014 and 2013, respectively.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2014 and 2013

6. Investments

Investments are considered Level 1 and consist of the following at December 31, 2014:

	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Appreciation/ (Depreciation)</u>
68.288 shares of Vanguard 500 Index Fund Adm	<u>\$ 11,324</u>	<u>\$ 12,967</u>	<u>\$ 1,643</u>
Total Investments	<u>\$ 11,324</u>	<u>\$ 12,967</u>	<u>\$ 1,643</u>

Investment return for the year ended December 31, 2014 is summarized as follows:

Dividends	\$ 237
Unrealized Appreciation	1,319
Total Investment Return	<u>\$ 1,556</u>

Investments are considered Level 1 and consist of the following at December 31, 2013:

	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Appreciation/ (Depreciation)</u>
66.979 shares of Vanguard 500 Index Fund Adm	<u>\$ 11,087</u>	<u>\$ 11,411</u>	<u>\$ 324</u>
Total Investments	<u>\$ 11,087</u>	<u>\$ 11,411</u>	<u>\$ 324</u>

Investment return for the year ended December 31, 2013 is summarized as follows:

Dividends	\$ 198
Unrealized Appreciation	2,257
Total Investment Return	<u>\$ 2,779</u>

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended December 31, 2014 and 2013

7. Notes Payable

Notes Payable at December 31 are as follows:

	<u>2014</u>	<u>2013</u>
During the year ended December 31, 2010, the Organization borrowed \$300,000 to finance the acquisition of real estate. The annual interest rate is 5.75% and is fixed for ten years. After ten years, it is adjusted every five years based upon the five year Federal Home Loan Bank of Boston amortizing advance rate plus a margin of 3.25%. During the year ended December 31, 2012, the bank lowered the interest rate to 5.25%. In August 2013, the Organization modified the note and reduced the interest rate to 4% and the amortization to 10 years. The monthly principal and interest amount is \$2,593. See Note 9.	\$ 227,199	\$ 248,629
Note Payable to a bank in 60 monthly principal and interest payments of \$921 at a fixed rate of interest of 6.49% through June 2016. The note is secured by a motor vehicle. See Note 9.	-	25,432
Note Payable to a bank in 60 monthly principal and interest payments of \$285 at a fixed rate of interest of 5.25% through May 2018. The note is secured by a motor vehicle. See Note 9.	10,818	13,452
Note Payable to a government agency in 5 annual principal payments of \$3,000 beginning July 2012 through June 2017. The note bears no interest and is unsecured.	<u>6,000</u>	<u>9,000</u>
	244,017	296,513
Less Current Portion	<u>(31,293)</u>	<u>(36,967)</u>
Long-Term Portion	\$ <u>212,724</u>	\$ <u>259,546</u>

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2014 and 2013

7. Notes Payable - Continued

Maturities of note payable over the next five years are as follows at December 31, 2014:

2015	\$		31,293
2016			26,360
2017			27,475
2018			26,612
2019			26,230
Thereafter			106,047
	\$		<u>244,017</u>

8. Net Assets

Net Assets consist of the following December 31:

	<u>2014</u>		<u>2013</u>
Unrestricted:			
Operating	\$ 549,069	\$	305,775
Net Investment in Property and Equipment	772,362		367,579
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	<u>212,129</u>		<u>212,129</u>
Total Unrestricted	<u>1,533,560</u>		<u>885,483</u>
Temporarily Restricted:			
Senior Lunch Program	-		10,000
Equipment Purchase	-		15,000
Capital Campaign	794,073		510,764
Mortgage Principal	4,642		9,284
Total Temporarily Restricted	<u>798,715</u>		<u>545,048</u>
Total Net Assets	<u>\$ 2,332,275</u>	\$	<u>1,430,531</u>

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2014 and 2013

9. Related Party Transactions

During the years ended December 31, 2014 and 2013, the Organization received transportation services from a related party. A member of the Organization's board of directors is the owner of the company which provided the services. The amount paid for these services was \$23,310 and \$24,180 for the years ended December 31, 2014 and 2013, respectively.

During the years ended December 31, 2014 and 2013, 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 \$6,066 and \$6,270 for the years ended December 31, 2014 and 2013.

During the year ended December 31, 2013 the Organization purchased a vehicle, for \$23,700, from a car dealership owned by one of its directors.

A member of the board of directors was also an officer at a bank at which the Organization maintains three loans. See Note 7.

10. Commitments

During the year ended December 31, 2014, the Organization entered into a contract with a construction company for the purpose of constructing a building addition and making improvements to its food pantry location. The agreement has an original contract sum of \$702,450 with total amounts billed under this agreement totaling \$325,092 at December 31, 2014. The building addition and improvements are scheduled to be completed during the year ended December 31, 2015.

11. Subsequent Events

The Organization did not have any subsequent events through September 22, 2015, 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 December 31, 2014.