

**THE OPEN DOOR/
CAPE ANN FOOD PANTRY, INC.**
Financial Statements
For the Years Ended
June 30, 2018 and 2017

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, 2018 and 2017 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, 2018 and 2017 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

September 18, 2018

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statements of Financial Position

June 30, 2018 and 2017

ASSETS

	2018	2017
Current Assets:		
Cash and Cash Equivalents	\$ 435,818	\$ 572,991
Promises to Give, Current Portion	300,420	186,304
Collectibles Held for Sale	7,000	7,000
Prepaid Expenses	29,339	25,940
Total Current Assets	772,577	792,235
Property and Equipment, Net of Accumulated Depreciation	1,610,428	1,647,819
Other Assets:		
Certificates of Deposit	340,792	212,387
Promises to Give, Net of Current Portion	135,894	14,344
Investments	-	16,082
Security Deposit	1,500	1,500
Total Other Assets	478,186	300,479
Total Assets	\$ 2,861,191	\$ 2,684,367

LIABILITIES AND NET ASSETS

Current Liabilities:		
Notes Payable, Current Portion	\$ 3,550	\$ 6,400
Accounts Payable and Accrued Expenses	63,642	47,302
Deferred Revenue	118,750	-
Accrued Payroll and Payroll Taxes	31,442	29,595
Accrued Vacation	28,634	25,938
Total Current Liabilities	246,018	109,235
Long Term Liabilities:		
Notes Payable, Net of Current Portion	-	3,487
Total Long Term Liabilities	-	3,487
Total Liabilities	246,018	112,722
Net Assets:		
Unrestricted:		
Operating	475,736	361,297
Net Investment in Property and Equipment	1,606,878	1,637,932
Board Designated	212,129	212,129
Total Unrestricted	2,294,743	2,211,358
Temporarily Restricted	320,430	360,287
Total Net Assets	2,615,173	2,571,645
Total Liabilities and Net Assets	\$ 2,861,191	\$ 2,684,367

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 480,674	\$ 170,560	\$ 651,234
In-Kind Food Donations	3,055,380	-	3,055,380
Public Grants	69,374	66,963	136,337
Corporate / Foundation Grants	305,098	238,000	543,098
Fundraising	325,115	-	325,115
Thrift Shop	1,117,563	-	1,117,563
Prepared Meals Reimbursement	29,945	-	29,945
Interest Income	5,118	-	5,118
Investment Return	969	-	969
Net assets released from restrictions:			
Satisfaction of Performance	<u>515,380</u>	<u>(515,380)</u>	<u>-</u>
 Total Revenues	 <u>5,904,616</u>	 <u>(39,857)</u>	 <u>5,864,759</u>
 Expenses:			
Program	5,261,711	-	5,261,711
Management and General	346,226	-	346,226
Fundraising	<u>213,294</u>	<u>-</u>	<u>213,294</u>
 Total Expenses	 <u>5,821,231</u>	 <u>-</u>	 <u>5,821,231</u>
 Change in Net Assets	 83,385	 (39,857)	 43,528
Net Assets, Beginning of Year	<u>2,211,358</u>	<u>360,287</u>	<u>2,571,645</u>
Net Assets, End of Year	<u>\$ 2,294,743</u>	<u>\$ 320,430</u>	<u>\$ 2,615,173</u>

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 423,156	\$ 55,000	\$ 478,156
In-Kind Food Contributions	2,421,705	-	2,421,705
Public Grants	22,435	87,699	110,134
Corporate/ Foundation Grants	241,850	393,674	635,524
Fundraising	292,559	-	292,559
Thrift Shop Sales	1,076,954	-	1,076,954
Prepared Meals Reimbursement	37,667	-	37,667
Interest Income	2,850	-	2,850
Investment Return	2,436	-	2,436
Net assets released from restrictions:			
Satisfaction of Performance	<u>571,438</u>	<u>(571,438)</u>	<u>-</u>
 Total Revenues	 <u>5,093,050</u>	 <u>(35,065)</u>	 <u>5,057,985</u>
 Expenses:			
Program	4,664,149	-	4,664,149
Management and General	287,119	-	287,119
Fundraising	<u>134,021</u>	<u>-</u>	<u>134,021</u>
 Total Expenses	 <u>5,085,289</u>	 <u>-</u>	 <u>5,085,289</u>
 Change in Net Assets	 7,761	 (35,065)	 (27,304)
 Net Assets, Beginning of Year	 <u>2,203,597</u>	 <u>395,352</u>	 <u>2,598,949</u>
 Net Assets, End of year	 <u>\$ 2,211,358</u>	 <u>\$ 360,287</u>	 <u>\$ 2,571,645</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, 2018

Program

	Distribution	Nutrition & Advocacy	Summer Meals	Thrift Shop	Total Program	Management and General	Fundraising	Total
Salaries and Wages	\$ 343,801	\$ 267,274	\$ 31,811	\$ 441,320	\$ 1,084,206	\$ 208,467	\$ 146,318	\$ 1,438,991
Payroll Taxes	31,149	24,516	1,605	39,444	96,714	24,599	10,402	131,715
Employee Benefits	33,198	31,922	-	39,348	104,468	56,927	19,108	180,503
Food Purchased and Distributed	243,287	28,619	6,556	-	278,462	100	1,903	280,465
Food Contributed and Distributed	3,055,380	-	-	-	3,055,380	-	-	3,055,380
Occupancy	76,099	31,708	6,342	154,956	269,105	7,610	5,073	281,788
Transportation	27,320	29,528	179	5,398	62,425	4,665	719	67,809
Small Equipment Purchases	3,435	6,489	4,658	2,038	16,620	1,715	1,341	19,676
Employment Expenses	2,892	4,066	391	1,754	9,103	3,863	1,198	14,164
Accounting	800	-	-	-	800	11,450	-	12,250
Advertising	617	90	375	541	1,623	795	1,135	3,553
Insurance	12,371	10,465	-	10,314	33,150	4,799	1,375	39,324
Postage and Delivery	7,023	148	12	9,251	16,434	333	7,337	24,104
Supplies	14,135	16,340	1,309	7,037	38,821	2,151	1,710	42,682
Printing and Publications	1,938	120	-	4,005	6,063	69	12,045	18,177
Bank and Credit Card Fees	1,672	8	149	20,220	22,049	93	-	22,142
Office Expenses	9,368	1,760	100	6,390	17,618	13,824	1,561	33,003
Outreach	6,217	3,530	7,600	75	17,422	75	2,069	19,566
Farm to School	-	18,558	-	-	18,558	-	-	18,558
Outside Services	780	6,651	2,601	2,817	12,849	4,441	-	17,290
Bad Debts	-	-	-	-	-	250	-	250
Depreciation	99,841	-	-	-	99,841	-	-	99,841
Total	\$ 3,971,323	\$ 481,792	\$ 63,688	\$ 744,908	\$ 5,261,711	\$ 346,226	\$ 213,294	\$ 5,821,231

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, 2017

Program

	Distribution	Nutrition & Advocacy	Summer Meals	Thrift Shop	Total Program	Management and General	Fundraising	Total
Salaries and Wages	\$ 276,904	\$ 287,056	\$ 36,300	\$ 446,518	\$ 1,046,778	\$ 203,010	\$ 82,316	\$ 1,332,104
Payroll Taxes	26,772	23,818	2,449	40,273	93,312	16,589	7,136	117,037
Employee Benefits	46,759	45,759	-	37,903	130,421	15,476	5,101	150,998
Food Purchased and Distributed	258,286	34,565	16,054	245	309,150	-	2,093	311,243
Food Contributed and Distributed	2,269,941	134,454	17,310	-	2,421,705	-	-	2,421,705
Occupancy	85,458	28,391	5,678	139,666	259,193	6,814	4,543	270,550
Transportation	24,384	28,541	386	4,110	57,421	3,999	569	61,989
Small Equipment Purchases	6,041	5,051	4,307	7,057	22,456	242	1,263	23,961
Employment Expenses	5,996	7,872	204	5,419	19,491	9,617	665	29,773
Accounting	-	-	-	-	-	12,080	-	12,080
Advertising	533	-	325	1,862	2,720	349	3,245	6,314
Insurance	8,656	8,656	-	8,656	25,968	1,731	1,154	28,853
Postage and Delivery	3,013	160	-	11,441	14,614	396	6,345	21,355
Supplies	22,409	14,548	3,539	7,473	47,969	376	1,031	49,376
Printing and Publications	3,779	1,736	604	4,884	11,003	479	1,952	13,434
Bank and Credit Card Fees	-	-	-	24,843	24,843	-	2,331	27,174
Office Expenses	11,755	6,436	141	8,564	26,896	10,995	1,371	39,262
Outreach	-	3,104	5,564	120	8,788	50	3,129	11,967
Farm to School	-	29,816	-	-	29,816	-	-	29,816
Outside Services	582	5,101	-	317	6,000	4,916	100	11,016
Fundraising	-	-	-	-	-	-	9,677	9,677
Depreciation	100,676	-	-	4,929	105,605	-	-	105,605
Total	\$ 3,151,944	\$ 665,064	\$ 92,861	\$ 754,280	\$ 4,664,149	\$ 287,119	\$ 134,021	\$ 5,085,289

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 43,528	\$ (27,304)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	99,841	105,605
Investment Return	(969)	(2,436)
Certificates of Deposit Interest	(3,950)	(1,399)
(Increase) Decrease in:		
Promises to Give	(235,666)	79,926
Prepaid Expenses	(3,399)	(7,130)
Collectibles Held for Sale	-	(7,000)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	16,340	(18,973)
Deferred Revenue	118,750	-
Accounts Payroll and Payroll Taxes	1,847	7,395
Accrued Vacation	2,696	5,599
Net Cash Provided by Operating Activities	<u>39,018</u>	<u>134,283</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	17,051	-
Purchase of Certificate of Deposit	(124,455)	-
Purchase of Equipment	(19,851)	(22,934)
Purchase of Thrift Shop Improvements	(23,599)	(10,336)
Purchase of Pantry Improvements	(19,000)	(16,419)
Net Cash (Used) by Investing Activities	<u>(169,854)</u>	<u>(49,689)</u>
Cash Flows from Financing Activities:		
Payments of Notes Payable	<u>(6,337)</u>	<u>(48,993)</u>
Net Cash (Used) by Financing Activities	<u>(6,337)</u>	<u>(48,993)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(137,173)	35,601
Cash and Cash Equivalents, Beginning of Year	<u>572,991</u>	<u>537,390</u>
Cash and Cash Equivalents, End of Year	\$ <u>435,818</u>	\$ <u>572,991</u>

Supplemental Disclosures:

Operating activities reflect interest paid of \$403 and \$1,569 for the years ended June 30, 2018 and 2017.

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to the Financial Statements
For the Years Ended June 30, 2018 and 2017

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

Operations and Nonprofit Status

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

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

Basis of Accounting

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

Concentration of Revenue

Revenue from one program, the Thrift Shop, represents approximately 19% and 21% of total revenues for the years ended June 30, 2018 and 2017.

The Thrift Shop operation provided \$447,000 and \$410,000 in direct support to the food pantry operations for the year ended June 30, 2018 and 2017, respectively.

Support from a Major Contributor

The Organization received approximately 33% of total support and revenue from one donor, The Greater Boston Food Bank, for both years ended June 30, 2018 and 2017. 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:

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2018 and 2017

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

Financial Statements Presentation – Continued

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

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 \$3,553 and \$6,314 for the years ended June 30, 2018 and 2017, respectively.

Income Taxes

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

The Organization's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the Organization's tax years 2014 through 2016 remain open for possible examination by the Internal Revenue Service.

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.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2018 and 2017

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

Collectibles Held for Sale

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

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, 2018 and 2017.

In-Kind Contributions of Materials and Services

No amounts have been recorded for the value of contributed services received from numerous volunteers who are involved in events and activities that did not meet requirements for recognition in the financial statements. The total amount of volunteer hours contributed to the Organization's events and activities amounted to 27,255 and 26,377 for the years ended June 30, 2018 and 2017, respectively.

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

Inventory – 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 \$1.73 and \$1.67 per pound for the years ended June 30, 2018 and 2017, respectively. The Organization recorded the following in-kind donations of food for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Pounds of Donated Food	1,766,116	1,450,123
Value Per Pound	\$ <u>1.73</u>	\$ <u>1.67</u>
Total Value of Donated Food	\$ <u>3,055,380</u>	\$ <u>2,421,705</u>

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2018 and 2017

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.

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.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2018 and 2017

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

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.

Property and equipment consisted of the following as of June 30, 2018:

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Life</u>
Land	\$ 186,911	\$ 186,911	
Building	1,432,000	1,389,401	39 Years
Food Pantry Equipment	261,383	241,532	5 Years
Thrift Shop Equipment	105,340	105,340	3-10 Years
Vehicles	<u>217,738</u>	<u>217,738</u>	5 Years
	2,203,372	2,140,922	
Accumulated Depreciation	<u>(592,944)</u>	<u>(493,103)</u>	
	<u>\$ 1,610,428</u>	<u>\$ 1,647,819</u>	

Depreciation expense amounted to \$99,841 and \$105,605 for the years ended June 30, 2018 and 2017, 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.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2018 and 2017

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

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 \$118,750 at June 30, 2018.

2. Unconditional Promises to Give

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

	<u>2018</u>	<u>2017</u>
Receivable in One Year	\$ 305,714	\$ 186,742
Receivable in Two to Five Years	137,083	15,000
Receivable in more than Five Years	-	-
Total Unconditional Promises to Give	<u>442,797</u>	<u>201,742</u>
Less Discounts to Net Present Value	<u>(6,483)</u>	<u>(1,094)</u>
Net Unconditional Promises to Give	<u>\$ 436,314</u>	<u>\$ 200,648</u>
Promises to Give, Current Portion	\$ 300,420	\$ 186,304
Promises to Give, Net of Current Portion	<u>135,894</u>	<u>14,344</u>
Total	<u>\$ 436,314</u>	<u>\$ 200,648</u>

3. 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 increases 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.

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2018 and 2017

3. Rent - Continued

Future minimum lease payments for the next five years as of June 30, 2018 are as follows:

2019	\$ 125,907
2020	113,136
2021	113,136
2022	113,136
2023	<u>113,136</u>
	<u>\$ 578,451</u>

The Organization paid rent of \$127,140 and \$121,635 for the years ended June 30, 2018 and 2017, respectively.

4. Investments

Investments are considered Level 1 and consist of the following as of June 30:

	2017		
	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Appreciation (Depreciation)</u>
71.873 shares of Vanguard 500 Index Fund	<u>\$12,034</u>	<u>\$ 16,082</u>	<u>\$ 4,048</u>

Investment return for the years ended June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Dividends	\$ 85	\$ 299
Realized Gain	884	-
Unrealized Gain	-	2,137
Total Investment Return	<u>\$ 969</u>	<u>\$ 2,436</u>

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2018 and 2017

5. Notes Payable

Notes Payable consists of the following at June 30:

	<u>2018</u>	<u>2017</u>
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.	\$ -	3,058
Note Payable to a bank in 36 monthly principal and interest payments of \$300 at a fixed rate of interest of 5% through June 2019. The note is secured by a motor vehicle.	<u>3,550</u>	<u>6,829</u>
	3,550	9,887
Less Current Portion	<u>(3,550)</u>	<u>(6,400)</u>
Long-Term Portion	\$ <u>-</u>	\$ <u>3,487</u>

Maturities of note payable over the next five years are as follows at June 30, 2018:

2019	\$ 3,550
2020	-
2021	-
2022	-
2023	-
	\$ <u>3,550</u>

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2018 and 2017

6. Net Assets

Net Assets consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Unrestricted:		
Operating	\$ 475,736	\$ 361,297
Net Investment in Property and Equipment	1,606,878	1,637,932
Board Designated:		
Capital Campaign	92,129	92,129
Vehicle Replacement	65,000	65,000
Equipment Replacement	25,000	25,000
Pilot Programs	<u>30,000</u>	<u>30,000</u>
Total Board Designated	<u>212,129</u>	<u>212,129</u>
Total Unrestricted	<u>2,294,743</u>	<u>2,211,358</u>
Temporarily Restricted:		
Capital Campaign	14,272	24,371
Capital Project	47,963	27,534
Youth Training/ Food Rescue	28,000	92,868
Advocacy	11,000	27,211
Registered Dietician	-	47,577
Equipment Purchases	-	14,688
Farm to School	-	37,171
Food Programs	208,945	88,867
Unrestricted Pledges Receivable	<u>10,250</u>	<u>-</u>
Total Temporarily Restricted	<u>320,430</u>	<u>360,287</u>
Total Net Assets	<u>\$ 2,615,173</u>	<u>\$ 2,571,645</u>

7. Related Party Transactions

During the years ended June 30, 2018 and 2017, 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 amounted to \$25,480 and \$24,500 for the years ended June 30, 2018 and 2017, respectively.

During the years ended June 30, 2018 and 2017, 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 \$4,637 and \$8,967 for the years ended June 30, 2018 and 2017, respectively.

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2018 and 2017

8. 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 \$26,395 and \$22,093 for the years ended June 30, 2018 and 2017, respectively.

9. Subsequent Events

The Organization did not have any subsequent events through September 18, 2018, 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, 2018.