

**THE OPEN DOOR/
CAPE ANN FOOD PANTRY, INC.**
Financial Statements
For the Years Ended
June 30, 2020 and 2019

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, 2020 and 2019 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, 2020 and 2019 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

March 16, 2021

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statements of Financial Position

June 30, 2020 and 2019

ASSETS

	2020	2019
Current Assets:		
Cash and Cash Equivalents	\$ 1,457,413	\$ 331,639
Promises to Give, Current Portion	366,921	454,721
Collectibles Held for Sale	-	7,000
Prepaid Expenses	32,915	30,480
Total Current Assets	<u>1,857,249</u>	<u>823,840</u>
Property and Equipment, Net of Accumulated Depreciation	<u>2,313,570</u>	<u>2,191,008</u>
Other Assets:		
Certificates of Deposit	455,307	347,562
Promises to Give, Net of Current Portion	156,000	40,082
Capital Campaign Assets:		
Certificates of Deposit	903,552	-
Promises to Give	412,917	-
Total Capital Campaign Assets	<u>1,316,469</u>	<u>-</u>
Total Other Assets	<u>1,927,776</u>	<u>387,644</u>
Total Assets	\$ <u>6,098,595</u>	\$ <u>3,402,492</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Notes Payable, Current Portion	\$ 12,950	\$ 12,119
Paycheck Protection Program - Note Payable	343,700	-
Accounts Payable and Accrued Expenses	68,661	75,484
Deferred Revenue	68,750	93,750
Accrued Payroll and Payroll Taxes	42,417	36,515
Accrued Vacation	54,135	28,060
Total Current Liabilities	<u>590,613</u>	<u>245,928</u>
Long Term Liabilities:		
Notes Payable, Net of Current Portion	513,575	531,881
Total Long Term Liabilities	<u>513,575</u>	<u>531,881</u>
Total Liabilities	<u>1,104,188</u>	<u>777,809</u>
Net Assets:		
Without Donor Restrictions:		
Operating	1,181,221	342,416
Net Investment in Property and Equipment	1,787,045	1,647,008
Board Designated	212,129	212,129
Total Without Donor Restrictions	<u>3,180,395</u>	<u>2,201,553</u>
With Donor Restrictions	1,814,012	423,130
Total Net Assets	<u>4,994,407</u>	<u>2,624,683</u>
Total Liabilities and Net Assets	\$ <u>6,098,595</u>	\$ <u>3,402,492</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

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
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	<u>588,892</u>	<u>(588,892)</u>	<u>-</u>
 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	<u>337,156</u>	<u>-</u>	<u>337,156</u>
 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><u>3,180,395</u></u>	\$ <u><u>1,814,012</u></u>	\$ <u><u>4,994,407</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, 2019

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

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

	Program						2020 Total	2019 Total
	Distribution	Nutrition & Advocacy	Thrift Shop	Total Program	Management and General	Fundraising		
Salaries and Wages	\$ 486,707	\$ 287,499	\$ 440,261	\$ 1,214,467	\$ 253,786	\$ 251,063	\$ 1,719,316	\$ 1,586,753
Payroll Taxes	43,094	25,478	40,181	108,753	32,081	14,842	155,676	148,061
Employee Benefits	29,109	21,540	54,296	104,945	57,549	29,700	192,194	194,655
Food Purchased and Distributed	266,653	32,077	64	298,794	111	1,379	300,284	316,748
Food Donated and Distributed	3,426,394	-	-	3,426,394	-	-	3,426,394	3,134,959
Occupancy	88,171	28,770	159,675	276,616	7,193	5,754	289,563	311,343
Transportation	24,596	20,593	2,784	47,973	3,022	194	51,189	73,497
Small Equipment Purchases	9,094	2,424	3,585	15,103	186	-	15,289	15,079
Employment Expenses	5,947	6,466	2,822	15,235	3,931	1,390	20,556	25,671
Accounting	-	-	-	-	13,250	-	13,250	13,250
Advertising	100	-	3,031	3,131	975	200	4,306	5,179
Insurance	18,237	18,237	18,237	54,711	3,647	2,432	60,790	42,913
Postage and Delivery	6,519	239	9,298	16,056	429	7,027	23,512	25,898
Supplies	24,936	20,537	12,520	57,993	1,736	1,277	61,006	54,351
Printing and Publications	1,442	185	3,271	4,898	467	10,257	15,622	16,790
Bank and Credit Card Fees	3,103	726	16,523	20,352	318	284	20,954	30,165
Office Expenses	5,134	2,517	6,004	13,655	9,001	1,792	24,448	32,282
Outreach	8,491	1,951	98	10,540	575	2,236	13,351	15,882
Technology	9,375	1,896	2,620	13,891	3,972	6,679	24,542	-
Bad Debts	-	-	-	-	-	-	-	354
Interest Expense	-	-	-	-	-	-	-	2,302
Outside Services	1,060	12,255	-	13,315	19,327	650	33,292	23,812
Depreciation	103,305	-	4,535	107,840	-	-	107,840	95,815
Total	\$ 4,561,467	\$ 483,390	\$ 779,805	\$ 5,824,662	\$ 411,556	\$ 337,156	\$ 6,573,374	\$ 6,165,759

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2019

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

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, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 2,369,724	\$ 9,510
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	107,840	95,815
Certificates of Deposit Interest	(11,297)	(6,770)
(Increase) Decrease in:		
Promises to Give - Program Related	(28,118)	(58,489)
Promises to Give - Capital Campaign	(412,917)	-
Prepaid Expenses	(2,435)	(1,141)
Security Deposit	-	1,500
Collectibles Held for Sale	7,000	-
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(6,823)	11,842
Deferred Revenue	(25,000)	(25,000)
Accounts Payroll and Payroll Taxes	5,902	5,073
Accrued Vacation	26,075	(574)
Net Cash Provided by Operating Activities	2,029,951	31,766
Cash Flows from Investing Activities:		
Purchase of Certificates of Deposit	(1,000,000)	-
Purchase of Vehicle	(70,133)	-
Purchase of Building and Soft Costs	(80,576)	(64,684)
Purchase of Equipment	(20,648)	(29,202)
Purchase of Thrift Shop Improvements	(44,553)	(7,662)
Purchase of Pantry Improvements	(14,492)	(29,847)
Net Cash (Used) by Investing Activities	(1,230,402)	(131,395)
Cash Flows from Financing Activities:		
Proceeds of Paycheck Protection Program - Note Payable	343,700	-
Payments of Note Payable	(17,475)	(4,550)
Net Cash Provided (Used) by Financing Activities	326,225	(4,550)
Net Increase (Decrease) in Cash and Cash Equivalents	1,125,774	(104,179)
Cash and Cash Equivalents, Beginning of Year	331,639	435,818
Cash and Cash Equivalents, End of Year	\$ 1,457,413	\$ 331,639

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, 2020 and 2019

Supplemental Disclosures:

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.

Operating activities reflect interest paid of \$2,302 for the year ended June 30, 2019 which was expensed and included on the Statement of Functional Expenses.

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

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements

For the Years Ended June 30, 2020 and 2019

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 10% and 20% of total revenues for the years ended June 30, 2020 and 2019, respectively. Excluding In-Kind Food Donations, the program represented approximately 17% and 40% of total revenues for the years ended June 30, 2020 and 2019, respectively.

The Thrift Shop operation provided \$270,000 and \$470,000 in net direct support to the food pantry operations for the year ended June 30, 2020 and 2019, 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 33% of total support and revenue from one donor, The Greater Boston Food Bank, for both years ended June 30, 2020 and 2019. 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, 2020 and 2019

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.

Functional Allocation of Expenses

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

Financial Statements Presentation

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

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

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense amounted to \$4,306 and \$5,179 for the years ended June 30, 2020 and 2019, 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 OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2020 and 2019

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

Income Taxes – Continued

The Organization's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the Organization's tax years 2016 through 2018 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 current year 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, 2020 and 2019. 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, 2020 and 2019.

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 24,800 and 27,400 for the years ended June 30, 2020 and 2019, respectively.

Inventory – Thrift Shop Program

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2020 and 2019

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

Inventory – Food Program and In-kind Food Donations

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

The Organization does record In-Kind Donations to the food program which is included in the statement of activities. The Organization bases the per pound value on a study performed by Feeding America, which was \$1.62 and \$1.68 per pound for the years ended June 30, 2020 and 2019, respectively. The Organization recorded the following In-Kind Donations of food for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Pounds of Donated Food	2,115,058	1,866,047
Value Per Pound	\$ 1.62	\$ 1.68
Total Value of Donated Food	<u>\$ 3,426,394</u>	<u>\$ 3,134,959</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, 2020 and 2019

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

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

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Life</u>
Land	\$ 437,918	\$ 437,918	
Building	1,915,592	1,820,524	39 Years
Food Pantry Equipment	311,233	290,585	5 Years
Thrift Shop Equipment	157,555	113,002	3-10 Years
Vehicles	287,871	217,738	5 Years
	<u>3,110,169</u>	<u>2,879,767</u>	
Accumulated Depreciation	<u>(796,599)</u>	<u>(688,759)</u>	
	<u>\$ 2,313,570</u>	<u>\$ 2,191,008</u>	

Depreciation expense amounted to \$107,840 and \$95,815 for the years ended June 30, 2020 and 2019, 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 - % and 2.5% for the years ended June 30, 2020 and 2019, respectively. 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 \$68,750 and \$93,750 at June 30, 2020 and 2019, respectively.

Recent Accounting Guidance

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2020 and 2019

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

Recent Accounting Guidance- Continued

As required by ASU 2016-14, the Organization is required to reclassify amounts that were previously reported as temporarily and permanently restricted net assets to net assets with donor restrictions and reclassify amounts that were previously reported as unrestricted net assets to net assets without donor restrictions, at July 1, 2018 as follows:

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

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:

	2020	2019
Cash and Cash Equivalents	\$ 1,457,413	\$ 331,639
Promises to Give	366,921	69,756
Total	\$ 1,824,334	\$ 401,395

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 4.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2020 and 2019

3. Unconditional Promises to Give

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

	<u>2020</u>	<u>2019</u>
Receivable in One Year	\$ 598,004	\$ 454,721
Receivable in Two to Five Years	337,834	43,000
Receivable in more than Five Years	<u>-</u>	<u>-</u>
Total Unconditional Promises to Give	935,838	497,721
Less Discounts to Net Present Value	<u>-</u>	<u>(2,918)</u>
Net Unconditional Promises to Give	<u>\$ 935,838</u>	<u>\$ 494,803</u>
Program Related:		
Promises to Give, Current Portion	\$ 366,921	\$ 454,721
Promises to Give, Net of Current Portion	<u>156,000</u>	<u>40,082</u>
Total Program Related	<u>522,921</u>	<u>494,803</u>
Capital Campaign:		
Promises to Give, Current Portion	231,083	-
Promises to Give, Net of Current Portion	<u>181,834</u>	<u>-</u>
Total Capital Campaign	<u>412,917</u>	<u>-</u>
Total	<u>\$ 935,838</u>	<u>\$ 494,803</u>

4. Line of Credit

The Organization maintains a \$100,000 line of credit with a bank which was unused at June 30, 2020 and 2019. Bank advances are payable on demand, with interest payable monthly at the bank's eighteen-month certificate of deposit rate plus 3%, which was 4% and 5% at June 30, 2020 and 2019, respectively. The line of credit is secured by a \$100,000 certificate of deposit. Available borrowings amounted to \$100,000 at June 30, 2020 and 2019.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2020 and 2019

5. Notes Payable

Notes Payable consists of the following at June 30:

	2020	2019
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.	\$ 526,525	544,000
	526,525	544,000
Less Current Portion	(12,950)	(12,119)
Long-Term Portion	\$ 513,575	\$ 531,881

Maturities of note payable over the next five years are as follows at June 30, 2020:

2021	\$	12,950	
2022		13,517	
2023		14,138	
2024		14,788	
2025		15,467	
Thereafter		455,665	
	\$	526,525	

6. 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, 2020 and 2019

6. 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. While the Organization believes that its use of the loan proceeds will meet the criteria for forgiveness of the loan, it cannot guarantee full forgiveness until such time as the application is approved. At that time, the Organization will reclassify the loan proceeds as revenue.

7. Net Assets

Net Assets consist of the following at June 30:

	2020	2019
Net Assets Without Donor Restrictions:		
Operating	\$ 1,181,221	\$ 342,416
Net Investment in Property and Equipment	1,787,045	1,647,008
Board Designated:		
Capital Campaign	92,129	92,129
Vehicle Replacement	65,000	65,000
Equipment Replacement	25,000	25,000
Pilot Programs	30,000	30,000
Total Board Designated	212,129	212,129
Total Net Assets Without Donor Restrictions	3,180,395	2,201,553
Net Assets With Donor Restrictions:		
Subject to Expenditures for Specified Purpose:		
Capital Campaign	1,321,469	9,756
Capital Project	8,350	32,963
Youth Training/ Food Rescue	-	32,447
Advocacy	18,285	23,066
Food Programs	278,000	259,398
Registered Dietician	55,000	46,000
	1,681,104	403,630
Subject To the Passage of Time:		
Promises to Give, Without Donor Restrictons, But Which Are Unavailable for Expenditure Until Due	132,908	19,500
Total Net Assets With Donor Restrictions	1,814,012	423,130
Total Net Assets	\$ 4,994,407	\$ 2,624,683

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2020 and 2019

8. Rent

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

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

Future minimum lease payments for the next five years as of June 30, 2020 are as follows:

2021	\$ 127,536
2022	127,536
2023	127,536
2024	31,884
2025	-
	<u>\$ 414,492</u>

The Organization paid rent of \$127,536 and \$146,797 for the years ended June 30, 2020 and 2019, respectively.

9. Related Party Transactions

During the years ended June 30, 2020 and 2019, 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 and \$7,108 for the years ended June 30, 2020 and 2019, respectively.

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

10. Simple IRA Plan

The Organization maintains a SIMPLE IRA plan under which employees make voluntary tax deductible contributions. The Organization matches each eligible employee's contributions up to 3% of the employee's compensation. Employer contributions amounted to \$25,622 and \$25,758 for the years ended June 30, 2020 and 2019, respectively.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2020 and 2019

11. 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, 2020. 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.

In December 2020, the Organization was notified that its Paycheck Protection Program - Note Payable was fully forgiven. As a result, the Organization will recognize \$343,700 as revenue during the year ended June 30, 2021.

Except as noted above, the Organization did not have any subsequent events through March 16, 2021, 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.