

**THE OPEN DOOR/
CAPE ANN FOOD PANTRY, INC.**
Financial Statements
For the Years Ended
December 31, 2011 and 2010

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Open Door/Cape Ann Food Pantry, Inc.
Gloucester, Massachusetts

We have audited the accompanying statements of financial position of The Open Door/Cape Ann Food Pantry, Inc. (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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. at December 31, 2011 and 2010 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.

September 18, 2012

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statements of Financial Position

December 31, 2011 and 2010

	<u>ASSETS</u>	
	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and Cash Equivalents	\$ 286,739	\$ 175,496
Promises to Give, Current Portion	62,770	23,807
Prepaid Expenses	23,391	17,580
Total Current Assets	<u>372,900</u>	<u>216,883</u>
Property and Equipment, Net of Accumulated Depreciation	<u>585,878</u>	<u>523,871</u>
Other Assets:		
Certificates of Deposit	203,551	200,786
Promises to Give, Net of Current Portion	13,926	18,797
Investments	7,452	7,308
Total Other Assets	<u>224,929</u>	<u>226,891</u>
 Total Assets	 <u>\$ 1,183,707</u>	 <u>\$ 967,645</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:		
Notes Payable, Current Portion	\$ 16,383	\$ 6,005
Accounts Payable and Accrued Expenses	18,577	19,912
Accrued Payroll and Payroll Taxes	10,639	8,575
Subgrant Payable	15,000	-
Accrued Vacation	4,507	3,952
Total Current Liabilities	<u>65,106</u>	<u>38,444</u>
Long Term Liabilities		
Notes Payable, Net of Current Portion	<u>331,223</u>	<u>289,391</u>
Total Long Term Liabilities	<u>331,223</u>	<u>289,391</u>
 Total Liabilities	 <u>396,329</u>	 <u>327,835</u>
Net Assets:		
Unrestricted:		
Operating	376,991	263,125
Net Investment in Property and Equipment	238,272	228,475
Board Designated	113,547	125,000
Total Unrestricted	<u>728,810</u>	<u>616,600</u>
Temporarily Restricted	<u>58,568</u>	<u>23,210</u>
Total Net Assets	<u>787,378</u>	<u>639,810</u>
 Total Liabilities and Net Assets	 <u>\$ 1,183,707</u>	 <u>\$ 967,645</u>

See Accountants' Audit Report and Accompanying Notes to Financial Statement

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statement of Activities

For the Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 154,400	\$ -	\$ 154,400
In-kind Food Donations	1,215,229	-	1,215,229
Public Grants	26,669	-	26,669
Private Foundations	245,818	40,000	285,818
Fundraising	177,313	-	177,313
Thrift Shop	565,227	-	565,227
Rental Income	11,000	-	11,000
Interest Income	3,133	-	3,133
Investment Return	144	-	144
Net assets released from restrictions:			
Satisfaction of Performance	4,642	(4,642)	-
Total Revenues	<u>2,403,575</u>	<u>35,358</u>	<u>2,438,933</u>
Expenses:			
Program	2,132,138	-	2,132,138
Management and General	149,214	-	149,214
Fundraising	10,013	-	10,013
 Total Expenses	 <u>2,291,365</u>	 <u>-</u>	 <u>2,291,365</u>
 Change in Net Assets	 112,210	 35,358	 147,568
Net Assets, Beginning of Year	<u>616,600</u>	<u>23,210</u>	<u>639,810</u>
Net Assets, End of Year	<u>\$ 728,810</u>	<u>\$ 58,568</u>	<u>\$ 787,378</u>

See Accountants' Audit Report and Accompanying Notes to Financial Statement

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statement of Activities

For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 106,938	\$ 23,210	\$ 130,148
In-kind Food Donations	997,405	-	997,405
In-Kind Goods	4,120	-	4,120
Public Grants	29,235	-	29,235
Private Foundations	174,603	-	174,603
Fundraising	160,898	-	160,898
Thrift Shop	433,795	-	433,795
Rental Income	10,247	-	10,247
Interest Income	4,223	-	4,223
Investment Return	948	-	948
Miscellaneous Income	3,953	-	3,953
Net assets released from restrictions:			
Satisfaction of Performance	-	-	-
Total Revenues	<u>1,926,365</u>	<u>23,210</u>	<u>1,949,575</u>
Expenses:			
Program	1,722,736	-	1,722,736
Management and General	138,850	-	138,850
Fundraising	<u>9,630</u>	<u>-</u>	<u>9,630</u>
Total Expenses	<u>1,871,216</u>	<u>-</u>	<u>1,871,216</u>
Change in Net Assets	55,149	23,210	78,359
Net Assets, Beginning of Year	<u>561,451</u>	<u>-</u>	<u>561,451</u>
Net Assets, End of Year	<u>\$ 616,600</u>	<u>\$ 23,210</u>	<u>\$ 639,810</u>

See Accountants' Audit Report and Accompanying Notes to Financial Statement

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2011

	Program			Management and General	Fundraising Expenses	Total
	Food and Meals	Thrift Shop	Total			
Salaries and Wages	\$ 230,594	\$ 167,086	\$ 397,680	\$ 85,271	\$ 3,553	\$ 486,504
Payroll Taxes	22,955	16,633	39,589	8,489	354	48,432
Employee Benefits	4,064	16,603	20,667	11,542	650	32,859
Food Purchase	119,273	-	119,273	-	-	119,273
In-Kind Food Donations	1,215,229	-	1,215,229	-	-	1,215,229
Transportation	43,800	-	43,800	-	-	43,800
Small Equipment						
Purchases	11,525	11,608	23,133	-	-	23,133
Occupancy	67,819	105,713	173,532	7,535	-	181,067
Employment Expenses	-	-	-	8,142	-	8,142
Accounting	-	-	-	8,975	-	8,975
Subgrants	15,000	-	15,000	-	-	15,000
Advertising	-	308	308	-	510	818
Insurance	-	-	-	13,289	-	13,289
Postage and Delivery	3,109	281	3,390	-	1,696	5,086
Supplies	14,465	5,533	19,998	-	576	20,574
Printing and Publications	3,745	1,040	4,785	-	2,674	7,459
Bank Service Charges	969	8,921	9,890	-	-	9,890
Outside Services	1,586	1,089	2,675	-	-	2,675
Office Expenses	2,221	814	3,035	5,239	-	8,274
Outreach	15,562	-	15,562	-	-	15,562
Depreciation	18,477	6,115	24,592	732	-	25,324
Total	\$ 1,790,393	\$ 341,744	\$ 2,132,138	\$ 149,214	\$ 10,013	\$ 2,291,365

See Accountants' Audit Report and Accompanying Notes to Financial Statement

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2010

	Program			Total	Management and General	Fundraising Expenses	Total
	Food and Meals	Thrift Shop					
Salaries and Wages	\$ 190,889	\$ 136,361	\$	327,250	\$ 73,889	\$ 3,398	\$ 404,537
Payroll Taxes	19,256	13,755		33,011	7,453	343	40,807
Employee Benefits	8,674	7,222		15,896	9,828	655	26,379
Food Purchase	98,429	-		98,429	-	-	98,429
In-Kind Food Donations	997,405	-		997,405	-	-	997,405
Transportation	30,102	-		30,102	-	-	30,102
Small Equipment Purchases	18,899	1,113		20,012	-	-	20,012
Occupancy	64,048	69,557		133,605	7,005	-	140,610
Employment Expenses	-	-		-	14,628	-	14,628
Accounting	-	-		-	8,565	-	8,565
Branding Project	-	-		-	-	-	-
Advertising	749	278		1,027	-	500	1,527
Insurance	-	-		-	11,984	-	11,984
Postage and Delivery	2,956	871		3,827	-	1,415	5,242
Supplies	10,416	5,402		15,818	-	1,593	17,411
Printing and Publications	5,679	1,533		7,212	-	1,726	8,938
Bank Service Charges	2,471	6,178		8,649	-	-	8,649
Outside Services	2,479	1,145		3,624	-	-	3,624
Office Expenses	1,668	1,190		2,858	4,766	-	7,624
Outreach	8,827	-		8,827	-	-	8,827
Depreciation	11,477	3,707		15,184	732	-	15,916
Total	\$ 1,474,424	\$ 248,312	\$	1,722,736	\$ 138,850	\$ 9,630	\$ 1,871,216

See Accountants' Audit Report and Accompanying Notes to Financial Statement

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 147,568	\$ 78,359
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	25,324	15,916
Investment Return	(144)	(948)
Certificate of Deposit Interest	(2,765)	(3,820)
Noncash Contribution	-	(4,120)
(Increase) Decrease in:		
Promises to Give	(34,092)	(37,801)
Prepaid Expenses	(5,811)	(15,044)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	1,284	7,543
Subgrant Payable	15,000	-
Net Cash Provided by Operating Activities	<u>146,364</u>	<u>40,085</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(40,331)	(186,438)
Redemption of Certificate of Deposit	-	81,998
Net Cash (Used) by Investing Activities	<u>(40,331)</u>	<u>(104,440)</u>
Cash Flows from Financing Activities:		
Proceeds of Notes Payable	15,000	-
Payments of Mortgage Payable	(9,790)	(4,604)
Net Cash Provided (Used) by Financing Activities	<u>5,210</u>	<u>(4,604)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	111,243	(68,959)
Cash and Cash Equivalents, Beginning of Year	<u>175,496</u>	<u>244,455</u>
Cash and Cash Equivalents, End of Year	<u>\$ 286,739</u>	<u>\$ 175,496</u>

See Accountants' Audit Report and Accompanying Notes to Financial Statement

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

Supplemental Disclosures:

During the year ended December 31, 2011, the Organization acquired a vehicle by incurring a note payable as follows:

Purchase Price of Vehicle	\$	58,453
Note Payable		<u>(47,000)</u>
Cash Paid	\$	<u>11,453</u>

During the year ended December 31, 2010, the Organization acquired a building by incurring a note payable as follows:

Purchase Price of Building	\$	513,492
Costs Incurred in 2009		<u>(30,250)</u>
Note Payable		<u>(300,000)</u>
Cash Paid	\$	<u>183,242</u>

During the year ended December 31, 2010, noncash contributions of \$4,120 were received and capitalized as equipment.

Operating activities reflect interest paid of \$18,565 and \$14,417 for the years ended December 31, 2011 and 2010, respectively.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements

For the Years Ended December 31, 2011 and 2010

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 20% of total revenues.

The Thrift Shop operation provided \$191,000 and \$151,000 in direct support to the food pantry operations for the years ended December 31, 2011 and 2010, respectively.

Support from a Major Contributor

The Organization received approximately 25% of total support and revenue from one donor during 2011 and 2010. These contributions were in the form of donated goods.

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, 2011 and 2010

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 \$818 and \$1,527 for the years ended December 31, 2011 and 2010, 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 ASC958 (formerly Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made"), 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. During the year ended December 31, 2010, the Organization received an in-kind contribution of software in the amount of \$4,120. This amount was capitalized and is included in property and equipment.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements – Continued
For the Years Ended December 31, 2011 and 2010

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 other 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 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 America’s Second Harvest, the nation’s Food Bank Network, which was \$1.66 and \$1.60 per pound for the years ended December 31, 2011 and 2010, respectively. The Organization recorded the following in-kind donations of food for the years ended December 31:

	<u>2011</u>	<u>2010</u>
Pounds of Donated Food	732,066	623,378
Value Per Pound	\$ 1.66	\$ 1.60
Total Value of Donated Food	<u>\$ 1,215,229</u>	<u>\$ 997,405</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 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

During 2009, the Organization adopted Topic 820 of the FASB accounting standards codification (ASC)(Formerly Financial Accounting Standards Board Statement No. 157 “Fair Value of Measurements” (Statement of Financial Accounting Standards 157 (SFAS 157)). Topic 820 defines

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements – Continued
For the Years Ended December 31, 2011 and 2010

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

Investments - Continued

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 other investments, which are publicly traded, using observable, or Level I inputs – the quoted price in an active market.

Adopting Topic 820 did not result in any change in the measurement of the carrying value of the Organization's investments as they have been historically been recorded at fair market value.

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, 2011 and 2010

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:

	2011	2010	Estimated Useful Life
Land	\$ 186,911	\$ 186,911	
Building	326,581	326,581	39 Years
Food Pantry Equipment	124,943	59,176	5 Years
Thrift Shop Equipment	57,952	36,388	5 Years
	<u>696,387</u>	<u>609,056</u>	
Accumulated Depreciation	<u>(110,509)</u>	<u>(85,185)</u>	
	<u>\$ 585,878</u>	<u>\$ 523,871</u>	

Depreciation expense amounted to \$25,324 and \$15,916 for the years ended December 31, 2011 and 2010, 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:

	2011	2010
Receivable in One Year	\$ 63,128	\$ 24,394
Receivable in Two to Five Years	15,000	20,000
Receivable in more than Five Years	-	-
Total Unconditional Promises to Give	<u>78,128</u>	<u>44,394</u>
Less Discounts to Net Present Value	<u>(1,432)</u>	<u>(1,790)</u>
Net Unconditional Promises to Give	<u>\$ 76,696</u>	<u>\$ 42,604</u>

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements – Continued
For the Years Ended December 31, 2011 and 2010

3. Operating Lease Commitments

The Organization leased office space to a tenant under an operating lease with a three year term effective March 1, 2010. Either party may terminate the lease, after March 1, 2011, with ninety day notice without fault or cause. The monthly rent under this agreement is \$1,025, subject to an annual increase based upon the U.S. Consumer Price Index-Boston. This agreement was terminated by the tenant effective December 31, 2010.

Effective January 1, 2011, a new tenant leased the space under a tenant-at-will agreement. The monthly rental income under this agreement is \$917.

4. Rent

Food Pantry - The Organization was under a lease through November 2009 for its food pantry operations. This lease provided for monthly base rates ranging from \$2,185 to \$2,251, plus utilities. The Organization was a tenant-at-will after the end of the lease until it purchased the property in February 2010.

Thrift Store - Effective October 1, 2009, 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.

Future minimum lease payments for the next five years as of December 31, 2011 are as follows:

2012	\$	79,200
2013		59,400
2014		-
2015		-
2016		-
	\$	<u>138,600</u>

The Organization paid rent of \$75,480 and \$55,101 for the years ended December 31, 2011 and 2010, respectively.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements – Continued
For the Years Ended December 31, 2011 and 2010

5. Investments

Investments consist of the following at December 31, 2011:

	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Appreciation/ (Depreciation)</u>
60.517 shares of Vanguard 500 Index Fund	<u>\$6,393</u>	<u>\$7,452</u>	<u>\$1,059</u>
Total Investments	<u>\$6,393</u>	<u>\$7,452</u>	<u>\$1,059</u>

Investment return for the year ended December 31, 2009 is summarized as follows:

Dividends	\$ 143
Unrealized Appreciation	<u>1</u>
Total Investment Return	<u>\$ 144</u>

Investments consist of the following at December 31, 2010:

	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Appreciation/ (Depreciation)</u>
63.102 shares of Vanguard 500 Index Fund	<u>\$6,373</u>	<u>\$7,308</u>	<u>\$935</u>
Total Investments	<u>\$6,373</u>	<u>\$7,308</u>	<u>\$935</u>

Investment return for the year ended December 31, 2010 is summarized as follows:

Dividends	\$ 123
Unrealized Appreciation	<u>825</u>
Total Investment Return	<u>\$ 948</u>

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements – Continued
For the Years Ended December 31, 2011 and 2010

6. Notes Payable

Notes Payable at December 31 is as follows:

	<u>2011</u>	<u>2010</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%. The monthly principal and interest amount is \$1,902 and is payable over twenty-five years.	\$ 289,639	\$ 295,396
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.	42,967	-
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>15,000</u>	<u>-</u>
	347,606	295,396
Less Current Portion	<u>(16,383)</u>	<u>(6,005)</u>
Long-Term Portion	\$ <u>331,223</u>	\$ <u>289,391</u>

Maturities of mortgage payable over the next five years are as follows at December 31, 2011:

2012	\$ 16,383
2013	18,827
2014	19,833
2015	20,903
2016	16,303
Thereafter	<u>255,357</u>
	\$ <u>347,606</u>

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements – Continued
For the Years Ended December 31, 2011 and 2010

7. Net Assets

Net Assets consist of the following December 31:

	2011	2010
Unrestricted:		
Operating	\$ 376,991	\$ 263,125
Net Investment in Property and Equipment	238,272	228,475
Board Designated:		
Vehicle Replacement	53,547	65,000
Equipment Replacement	30,000	30,000
Pilot Programs	30,000	30,000
Total Board Designated	<u>113,547</u>	<u>125,000</u>
Total Unrestricted	<u>728,810</u>	<u>616,600</u>
Temporarily Restricted:		
Van Purchase	15,000	-
Mobile Market Program	25,000	-
Mortgage Principal	18,568	23,210
Total Temporarily Restricted	<u>58,568</u>	<u>23,210</u>
Total Net Assets	<u>\$ 787,378</u>	<u>\$ 639,810</u>

8. Related Party Transaction

During the year ended December 31, 2011, 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 \$24,150 for the year ended December 31, 2011.

9. Tax Positions and Filings

During 2009, the Organization adopted Topic 740 of the FASB Accounting Standards Codification (ASC) relating to accounting for uncertainty in income taxes. As required by this topic, Management of the Organization has evaluated its tax positions, applying a "More Likely Than Not" standard, and believes that there would be no material changes to the results of its operations or financial position as a result of an audit by the applicable taxing authorities, federal or state. The Organization has filed all of its known required returns in a timely manner including as permitted allowed extensions. Accordingly, management believes tax years 2008, 2009, and 2010, following administrative practice of the taxing authorities, remains open years and subject to review.

10. Subsequent Events

The Organization did not have any subsequent events through September 18, 2012, 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, 2011.