

**THE OPEN DOOR/
CAPE ANN FOOD PANTRY, INC.**
Financial Statements
For the Years Ended
December 31, 2012 and 2011

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Open Door/Cape Ann Food Pantry, Inc. (a nonprofit corporation) which comprise the statements of financial position as of December 31, 2012 and 2011 and the related statements of activities, functional expenses, cash flows and changes in net assets for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Open Door/Cape Ann Food Pantry, Inc. as of December 31, 2012 and 2011 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.

July 23, 2013

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statements of Financial Position

December 31, 2012 and 2011

	<u>ASSETS</u>	
	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash and Cash Equivalents	\$ 272,333	\$ 286,739
Promises to Give, Current Portion	65,497	62,770
Prepaid Expenses	22,499	23,391
Total Current Assets	<u>360,329</u>	<u>372,900</u>
Property and Equipment, Net of		
Accumulated Depreciation	<u>640,474</u>	<u>585,878</u>
Other Assets:		
Certificates of Deposit	205,584	203,551
Promises to Give, Net of Current Portion	9,284	13,926
Investments	8,632	7,452
Total Other Assets	<u>223,500</u>	<u>224,929</u>
Total Assets	<u>\$ 1,224,303</u>	<u>\$ 1,183,707</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Notes Payable, Current Portion	\$ 18,827	\$ 16,383
Accounts Payable and Accrued Expenses	23,258	18,577
Accrued Payroll and Payroll Taxes	-	10,639
Subgrant Payable	-	15,000
Accrued Vacation	4,404	4,507
Total Current Liabilities	<u>46,489</u>	<u>65,106</u>
Long Term Liabilities:		
Notes Payable, Net of Current Portion	<u>298,796</u>	<u>331,223</u>
Total Long Term Liabilities	<u>298,796</u>	<u>331,223</u>
Total Liabilities	<u>345,285</u>	<u>396,329</u>
Net Assets:		
Unrestricted:		
Operating	413,694	376,991
Net Investment in Property and Equipment	322,851	238,272
Board Designated	113,547	113,547
Total Unrestricted	<u>850,092</u>	<u>728,810</u>
Temporarily Restricted	<u>28,926</u>	<u>58,568</u>
Total Net Assets	<u>879,018</u>	<u>787,378</u>
Total Liabilities and Net Assets	<u>\$ 1,224,303</u>	<u>\$ 1,183,707</u>

See Accountants' Audit Report and Accompanying Notes to Financial Statement

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 169,632	\$ -	\$ 169,632
In-kind Food Donations	1,200,035	-	1,200,035
Public Grants	37,134	-	37,134
Private Foundations	274,894	15,000	289,894
Fundraising	179,615	-	179,615
Thrift Shop	667,090	-	667,090
Rental Income	8,060	-	8,060
Interest Income	2,562	-	2,562
Investment Return	1,180	-	1,180
Miscellaneous Income	976	-	976
Net assets released from restrictions:			
Satisfaction of Performance	<u>44,642</u>	<u>(44,642)</u>	<u>-</u>
Total Revenues	<u>2,585,820</u>	<u>(29,642)</u>	<u>2,556,178</u>
Expenses:			
Program	2,266,033	-	2,266,033
Management and General	186,341	-	186,341
Fundraising	<u>12,164</u>	<u>-</u>	<u>12,164</u>
Total Expenses	<u>2,464,538</u>	<u>-</u>	<u>2,464,538</u>
Change in Net Assets	121,282	(29,642)	91,640
Net Assets, Beginning of Year	<u>728,810</u>	<u>58,568</u>	<u>787,378</u>
Net Assets, End of Year	\$ <u>850,092</u>	\$ <u>28,926</u>	\$ <u>879,018</u>

See Accountants' Audit Report and Accompanying Notes to Financial Statement

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statement of Activities and Changes in Net Assets

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	<u>4,642</u>	<u>(4,642)</u>	<u>-</u>
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	<u>10,013</u>	<u>-</u>	<u>10,013</u>
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 Functional Expenses

For the Year Ended December 31, 2012

	Program		Management and General	Fundraising Expenses	Total
	Food and Meals	Thrift Shop Total			
Salaries and Wages	\$ 259,878	\$ 202,228	\$ 99,002	\$ 4,125	\$ 565,233
Payroll Taxes	25,283	19,674	9,632	401	54,990
Employee Benefits	4,064	17,693	11,541	650	33,948
Food Purchase	165,712	-	-	-	165,712
In-Kind Food Donations	1,200,035	-	-	-	1,200,035
Transportation	43,648	-	-	-	43,648
Small Equipment Purchases	13,800	2,241	-	-	16,041
Occupancy	69,345	110,501	7,705	-	187,551
Employment Expenses	-	-	9,798	-	9,798
Accounting	-	-	9,585	-	9,585
Consultants	-	-	13,275	-	13,275
Subgrants	4,756	-	-	-	4,756
Advertising	50	340	-	810	1,200
Insurance	-	-	18,058	-	18,058
Postage and Delivery	4,811	332	-	1,243	6,386
Supplies	17,697	9,708	-	2,469	29,874
Printing and Publications	11,858	1,512	-	2,466	15,836
Bank and Credit Card Fees	648	7,430	-	-	8,078
Outside Services	1,844	1,522	-	-	3,366
Office Expenses	3,618	1,112	7,369	-	12,099
Outreach	15,590	-	-	-	15,590
Depreciation	37,237	11,866	376	-	49,479
Total	\$ 1,879,874	\$ 386,159	\$ 186,341	\$ 12,164	\$ 2,464,538

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			
	\$	\$	\$	\$	\$
Salaries and Wages	230,594	167,086	85,271	3,553	486,504
Payroll Taxes	22,955	16,634	8,489	354	48,432
Employee Benefits	4,064	16,603	11,542	650	32,859
Food Purchase	119,273	-	-	-	119,273
In-Kind Food Donations	1,215,229	-	-	-	1,215,229
Transportation	43,800	-	-	-	43,800
Small Equipment Purchases	11,525	11,608	-	-	23,133
Occupancy	67,819	105,713	7,535	-	181,067
Employment Expenses	-	-	8,142	-	8,142
Accounting	-	-	8,975	-	8,975
Subgrants	15,000	-	-	-	15,000
Advertising	-	308	-	510	818
Insurance	-	-	13,289	-	13,289
Postage and Delivery	3,109	281	-	1,696	5,086
Supplies	14,465	5,533	-	576	20,574
Printing and Publications	3,745	1,040	-	2,674	7,459
Bank and Credit Card Fees	969	8,921	-	-	9,890
Outside Services	1,586	1,089	-	-	2,675
Office Expenses	2,221	814	5,239	-	8,274
Outreach	15,562	-	-	-	15,562
Depreciation	18,477	6,115	732	-	25,324
Total	<u>\$ 1,790,393</u>	<u>\$ 341,745</u>	<u>\$ 149,214</u>	<u>\$ 10,013</u>	<u>\$ 2,291,365</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 91,640	\$ 147,568
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	49,479	25,324
Investment Return	(1,180)	(144)
Certificate of Deposit Interest	(2,033)	(2,765)
(Increase) Decrease in:		
Promises to Give	1,915	(34,092)
Prepaid Expenses	892	(5,811)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(6,061)	1,284
Subgrant Payable	<u>(15,000)</u>	<u>15,000</u>
Net Cash Provided by Operating Activities	<u>119,652</u>	<u>146,364</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(104,075)</u>	<u>(40,331)</u>
Net Cash (Used) by Investing Activities	<u>(104,075)</u>	<u>(40,331)</u>
Cash Flows from Financing Activities:		
Proceeds of Notes Payable	-	15,000
Payments of Notes Payable	<u>(29,983)</u>	<u>(9,790)</u>
Net Cash Provided (Used) by Financing Activities	<u>(29,983)</u>	<u>5,210</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(14,406)	111,243
Cash and Cash Equivalents, Beginning of Year	<u>286,739</u>	<u>175,496</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>272,333</u></u>	\$ <u><u>286,739</u></u>

See Accountants' Audit Report and Accompanying Notes to Financial Statement

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statements of Cash Flows - Continued
For the Years Ended December 31, 2012 and 2011

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>

Operating activities reflect interest paid of \$18,478 and \$18,565 for the years ended December 31, 2012 and 2011, respectively.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

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 25% of total revenues.

The Thrift Shop operation provided \$268,000 and \$191,000 in direct support to the food pantry operations for the years ended December 31, 2012 and 2011, respectively.

Support from a Major Contributor

The Organization received approximately 25% of total support and revenue from one donor during 2012 and 2011. 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, 2012 and 2011

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 \$1,200 and \$818 for the years ended December 31, 2012 and 2011, respectively.

Income Taxes

The Organization is a non-profit organization, not a private foundation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Contributions

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

In-Kind Contributions of Materials and Services

The Organization records the value of contributed services that are provided by individuals requiring specialized skills or that enhance or create non-financial assets.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2012 and 2011

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

In-Kind Contributions of Materials and Services - Continued

No amounts have been recorded for the value of contributed services received from numerous volunteers who are involved in events and activities that did not meet requirements for recognition in the financial statements.

The 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 \$1.66 per pound for the years ended December 31, 2012 and 2011, respectively. The Organization recorded the following in-kind donations of food for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Pounds of Donated Food	722,913	732,066
Value Per Pound	\$ <u>1.66</u>	\$ <u>1.66</u>
Total Value of Donated Food	\$ <u>1,200,035</u>	\$ <u>1,215,229</u>

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

Inventory – Thrift Shop Program

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended December 31, 2012 and 2011

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

Investments

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

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

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

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

Level III: Inputs that are unobservable.

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

The Organization's management values 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, 2012 and 2011

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

Property and Equipment – Continued

Depreciation is computed using the straight-line method over the estimated useful lives of the assets capitalized or over the length of the lease for leasehold improvements.

Property and equipment consisted of the following at December 31:

	<u>2012</u>	<u>2011</u>	<u>Estimated Useful Life</u>
Land	\$ 186,911	\$ 186,911	
Building	336,812	326,581	39 Years
Food Pantry Equipment	197,384	124,943	5 Years
Thrift Shop Equipment	<u>65,347</u>	<u>57,952</u>	5 Years
	786,454	696,387	
Accumulated Depreciation	<u>(145,980)</u>	<u>(110,509)</u>	
	\$ <u>640,474</u>	\$ <u>585,878</u>	

Depreciation expense amounted to \$49,479 and \$25,324 for the years ended December 31, 2012 and 2011, respectively.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give that are expected to be received beyond one year are discounted at a rate of 2.5%. Uncollectible promises to give are expected to be insignificant and therefore no allowance for uncollectible promises has been established.

2. Unconditional Promises to Give

Unconditional promises to give are as follows at December 31:

	<u>2012</u>	<u>2011</u>
Receivable in One Year	\$ 65,855	\$ 63,128
Receivable in Two to Five Years	10,000	15,000
Receivable in more than Five Years	<u>-</u>	<u>-</u>
Total Unconditional Promises to Give	75,855	78,128
Less Discounts to Net Present Value	<u>(1,074)</u>	<u>(1,432)</u>
Net Unconditional Promises to Give	\$ <u>74,781</u>	\$ <u>76,696</u>

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended December 31, 2012 and 2011

3. Operating Lease Commitments

The Organization leases office space under a tenant-at-will agreement to another nonprofit organization. The monthly rental income under this agreement was \$672 and \$917 for the years ended December 31, 2012 and 2011, respectively. Total rent received amounted to \$8,060 and \$11,000 for the years ended December 31, 2012 and 2011, respectively.

4. Rent

Effective October 1, 2008, the Organization entered into five-year lease through September 2013 for its Thrift Store location. During the year ended December 31, 2010, this lease was modified to include additional square footage for the Organization's furniture annex and an area for storage. This agreement was modified again, effective May 1, 2011 to include additional space for the retail operations. The monthly rent, in accordance with its original terms, increased to \$3,950 per month effective November 1, 2010. The furniture annex and additional retail space are under a one year lease, effective May 1, 2011 for a monthly rent of \$900 and \$1,500, respectively. Beginning October 2011, the Organization entered into a tenant at will agreement for garage space at a monthly rate of \$250. Beginning on July 1, 2012, the Organization began renting additional space, as a tenant at will, for \$400 per month.

Future minimum lease payments for the next five years as of December 31, 2012 are as follows:

2013	\$ 63,000
2014	-
2015	-
2016	-
2017	-
	<u>\$ 63,000</u>

The Organization paid rent of \$81,400 and \$75,480 for the years ended December 31, 2012 and 2011, respectively.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended December 31, 2012 and 2011

5. Investments

Investments are considered Level 1 and consist of the following at December 31, 2012:

	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Appreciation/ (Depreciation)</u>
65.702 shares of Vanguard 500 Index Fund	<u>\$ 6,568</u>	<u>\$ 8,632</u>	<u>\$ 2,064</u>
Total Investments	<u>\$ 6,568</u>	<u>\$ 8,632</u>	<u>\$ 2,064</u>

Investment return for the year ended December 31, 2012 is summarized as follows:

Dividends	\$ 175
Unrealized Appreciation	1,005
Total Investment Return	<u>\$ 1,180</u>

Investments are considered Level 1 and consist of the following at December 31, 2011:

	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Appreciation/ (Depreciation)</u>
64.353 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, 2011 is summarized as follows:

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended December 31, 2012 and 2011

6. Notes Payable

Notes Payable at December 31 is as follows:

	2012	2011
<p>During the year ended December 31, 2010, the Organization borrowed \$300,000 to finance the acquisition of real estate. The annual interest rate is 5.75% and is fixed for ten years. After ten years, it is adjusted every five years based upon the five year Federal Home Loan Bank of Boston amortizing advance rate plus a margin of 3.25%. During the year ended December 31, 2012, the bank lowered the interest rate to 5.25%. The monthly principal and interest amount is \$1,902 and is payable over twenty-five years. See Note 8.</p>	\$ 271,126	\$ 289,639
<p>Note Payable to a bank in 60 monthly principal and interest payments of \$921 at a fixed rate of interest of 6.49% through June 2016. The note is secured by a motor vehicle. See Note 8.</p>	34,497	42,967
<p>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.</p>	<div style="text-align: center;"> <u>12,000</u> 317,623 </div>	<div style="text-align: center;"> <u>15,000</u> 347,606 </div>
<p>Less Current Portion</p>	<div style="text-align: center;"> <u>(18,827)</u> </div>	<div style="text-align: center;"> <u>(16,383)</u> </div>
<p>Long-Term Portion</p>	<div style="text-align: center;"> <u>\$ 298,796</u> </div>	<div style="text-align: center;"> <u>\$ 331,223</u> </div>

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended December 31, 2012 and 2011

6. Notes Payable - Continued

Maturities of note payable over the next five years are as follows at December 31, 2012:

2013	\$	18,827
2014		19,833
2015		20,903
2016		16,356
2017		8,472
Thereafter		<u>233,232</u>
	\$	<u>317,623</u>

7. Net Assets

Net Assets consist of the following December 31:

	<u>2012</u>	<u>2011</u>
Unrestricted:		
Operating	\$ 413,694	\$ 376,991
Net Investment in Property and Equipment	322,851	238,272
Board Designated:		
Vehicle Replacement	53,547	53,547
Equipment Replacement	30,000	30,000
Pilot Programs	<u>30,000</u>	<u>30,000</u>
Total Board Designated	<u>113,547</u>	<u>113,547</u>
Total Unrestricted	<u>850,092</u>	<u>728,810</u>
Temporarily Restricted:		
Box Out Diabetes Program	15,000	-
Van Purchase	-	15,000
Mobile Market Program	-	25,000
Mortgage Principal	<u>13,926</u>	<u>18,568</u>
Total Temporarily Restricted	<u>28,926</u>	<u>58,568</u>
Total Net Assets	\$ <u>879,018</u>	\$ <u>787,378</u>

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended December 31, 2012 and 2011

8. Related Party Transactions

During the years ended December 31, 2012 and 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 \$23,870 and \$24,150 for the years ended December 31, 2012 and 2011, respectively.

During the year ended December 31, 2012, 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 \$10,370 during the year ended December 31, 2012.

During the year ended December 31, 2012, the Organization purchased a vehicle from a car dealership owned by one of its directors. The amount paid for the vehicle was \$17,893.

A member of the board of directors is also an officer at a bank at which the Organization maintains two loans. See Note 6.

9. Tax Positions and Filings

The Organization follows 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 the three prior tax years, following administrative practice of the taxing authorities, remain open years and subject to review.

10. Subsequent Events

The Organization did not have any subsequent events through July 23, 2013, 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, 2012.