

**THE OPEN DOOR/
CAPE ANN FOOD PANTRY, INC.**
Financial Statements
For the Years Ended
December 31, 2015 and 2014

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Open Door/Cape Ann Food Pantry, Inc. (a nonprofit corporation) which comprise the statements of financial position as of December 31, 2015 and 2014 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, 2015 and 2014 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

July 19, 2016

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statements of Financial Position

For the Years Ended December 31, 2015 and 2014

	<u>ASSETS</u>	
	2015	2014
Current Assets:		
Cash and Cash Equivalents	\$ 673,436	\$ 1,139,835
Promises to Give, Current Portion	137,330	215,688
Prepaid Expenses	16,786	13,816
Total Current Assets	<u>827,552</u>	<u>1,369,339</u>
Property and Equipment, Net of Accumulated Depreciation	<u>1,690,217</u>	<u>1,016,379</u>
Other Assets:		
Certificates of Deposit	210,352	208,683
Promises to Give, Net of Current Portion	79,048	75,076
Investments	13,144	12,967
Total Other Assets	<u>302,544</u>	<u>296,726</u>
Total Assets	<u>\$ 2,820,313</u>	<u>\$ 2,682,444</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Notes Payable, Current Portion	\$ 26,361	\$ 31,293
Accounts Payable and Accrued Expenses	51,735	71,209
Accrued Payroll and Payroll Taxes	17,312	27,791
Accrued Vacation	13,427	7,152
Total Current Liabilities	<u>108,835</u>	<u>137,445</u>
Long Term Liabilities:		
Notes Payable, Net of Current Portion	<u>186,106</u>	<u>212,724</u>
Total Long Term Liabilities	<u>186,106</u>	<u>212,724</u>
Total Liabilities	<u>294,941</u>	<u>350,169</u>
Net Assets:		
Unrestricted:		
Operating	442,630	549,069
Net Investment in Property and Equipment	1,477,750	772,362
Board Designated	212,129	212,129
Total Unrestricted	<u>2,132,509</u>	<u>1,533,560</u>
Temporarily Restricted	<u>392,863</u>	<u>798,715</u>
Total Net Assets	<u>2,525,372</u>	<u>2,332,275</u>
Total Liabilities and Net Assets	<u>\$ 2,820,313</u>	<u>\$ 2,682,444</u>

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 373,271	\$ -	\$ 373,271
In-kind Food Donations	1,671,151	-	1,671,151
Public Grants	64,350	100,000	164,350
Private Foundations	348,867	230,000	578,867
Fundraising	194,399	-	194,399
Thrift Shop	968,311	-	968,311
Prepared Meals Reimbursement	49,488	-	49,488
Interest Income	3,846	-	3,846
Investment Return	177	-	177
Net assets released from restrictions:			
Satisfaction of Performance	<u>735,852</u>	<u>(735,852)</u>	<u>-</u>
 Total Revenues	 <u>4,409,712</u>	 <u>(405,852)</u>	 <u>4,003,860</u>
 Expenses:			
Program	3,500,233	-	3,500,233
Management and General	260,945	-	260,945
Fundraising	<u>49,585</u>	<u>-</u>	<u>49,585</u>
 Total Expenses	 <u>3,810,763</u>	 <u>-</u>	 <u>3,810,763</u>
 Change in Net Assets	 598,949	 (405,852)	 193,097
 Net Assets, Beginning of Year	 <u>1,533,560</u>	 <u>798,715</u>	 <u>2,332,275</u>
 Net Assets, End of Year	 <u>\$ 2,132,509</u>	 <u>\$ 392,863</u>	 <u>\$ 2,525,372</u>

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2014

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

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Program		Management and General	Fundraising Expenses	Total
Food and Meals	Thrift Shop	Total			
Salaries and Wages	\$ 503,562	\$ 371,107	\$ 874,669	\$ 132,218	\$ 1,044,531
Payroll Taxes	41,041	30,246	71,287	10,776	85,131
Employee Benefits	27,048	19,391	46,439	51,074	99,556
Food Purchase	272,630	-	272,630	-	272,630
In-Kind Food Donations	1,671,151	-	1,671,151	-	1,671,151
Transportation	55,598	-	55,598	-	55,598
Small Equipment Purchases	32,923	8,204	41,127	-	41,127
Occupancy	90,272	145,855	236,127	10,030	246,157
Employment Expenses	19,739	4,612	24,351	-	24,351
Accounting	-	-	-	13,430	13,430
Advertising	2,796	303	3,099	-	3,099
Insurance	-	-	-	25,446	25,446
Postage and Delivery	8,517	2,585	11,102	-	11,102
Supplies	32,084	7,598	39,682	1,797	41,479
Printing and Publications	8,370	4,615	12,985	5,033	18,018
Bank and Credit Card Fees	2,795	20,541	23,336	-	23,336
Outside Services	15,875	-	15,875	-	15,875
Office Expenses	7,880	5,035	12,915	15,353	28,268
Outreach	19,446	-	19,446	-	19,446
Loss on Receivables	-	-	-	1,755	1,755
Depreciation	64,100	4,314	68,414	863	69,277
Total	<u>\$ 2,875,827</u>	<u>\$ 624,406</u>	<u>\$ 3,500,233</u>	<u>\$ 260,945</u>	<u>\$ 3,810,763</u>

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2014

	Program		Management and General	Fundraising Expenses	Total
	Food and Meals	Thrift Shop	Total		
Salaries and Wages	\$ 401,399	\$ 282,720	\$ 103,862	\$ 31,076	\$ 819,057
Payroll Taxes	37,497	26,410	9,702	2,903	76,512
Employee Benefits	6,295	7,976	56,867	2,369	73,507
Food Purchase	224,783	-	-	-	224,783
In-Kind Food Donations	1,665,916	-	-	-	1,665,916
Transportation	60,509	26	-	-	60,535
Small Equipment Purchases	7,749	11,648	-	-	19,397
Occupancy	81,819	139,098	9,091	-	230,008
Employment Expenses	-	-	20,501	-	20,501
Accounting	-	-	11,259	-	11,259
Advertising	1,898	950	-	-	2,848
Insurance	-	-	25,108	-	25,108
Postage and Delivery	5,907	552	-	1,070	7,529
Supplies	31,888	9,292	-	1,185	42,365
Printing and Publications	5,896	1,209	-	3,349	10,454
Bank and Credit Card Fees	573	12,581	-	-	13,154
Outside Services	4,955	500	-	-	5,455
Office Expenses	5,019	2,441	11,100	-	18,560
Outreach	15,199	-	-	-	15,199
Depreciation	50,386	9,311	863	-	60,560
Total	\$ 2,607,688	\$ 504,714	\$ 248,353	\$ 41,952	\$ 3,402,707

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 193,097	\$ 901,744
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	69,277	60,560
Investment Return	(177)	(1,556)
Certificates of Deposit Interest	(1,669)	(936)
(Increase) Decrease in:		
Promises to Give	74,386	257,822
Prepaid Expenses	(2,970)	(5,781)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(23,679)	53,649
Net Cash Provided by Operating Activities	<u>308,265</u>	<u>1,265,502</u>
Cash Flows from Investing Activities:		
Purchase of Equipment	(55,298)	(23,175)
Purchase of Vehicles	(68,392)	(25,250)
Purchase of Pantry Expansion Improvements	(619,424)	(364,422)
Net Cash (Used) by Investing Activities	<u>(743,114)</u>	<u>(412,847)</u>
Cash Flows from Financing Activities:		
Payments of Notes Payable	(31,550)	(52,496)
Net Cash (Used) by Financing Activities	<u>(31,550)</u>	<u>(52,496)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(466,399)	800,159
Cash and Cash Equivalents, Beginning of Year	<u>1,139,835</u>	<u>339,676</u>
Cash and Cash Equivalents, End of Year	<u>\$ 673,436</u>	<u>\$ 1,139,835</u>

Supplemental Disclosures:

Operating activities reflect interest paid of \$8,987 and \$12,149 for the years ended December 31, 2015 and 2014, respectively.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

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 24% and 21% of total revenues for the years ended December 31, 2015 and 2014, respectively.

The Thrift Shop operation provided \$385,000 and \$421,224 in direct support to the food pantry operations for the years ended December 31, 2015 and 2014, respectively.

Support from a Major Contributor

The Organization received approximately 20% of total support and revenue from one donor, The Greater Boston Food Bank, during 2015 and 2014. These contributions were in the form of donated food.

Functional Allocation of Expenses

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

Financial Statements Presentation

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued
For the Years Ended December 31, 2015 and 2014

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

Financial Statements Presentation – Continued

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

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

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

Cash and Cash Equivalents

The Open Door/Cape Ann Food Pantry, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense amounted to \$3,099 and \$2,848 for the years ended December 31, 2015 and 2014, respectively.

Income Taxes

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

The Organization's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the Organization's tax years 2012 through 2014 remain open for possible examination by the Internal Revenue Service.

Contributions

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

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, 2015 and 2014

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

In-Kind Contributions of Materials and Services - Continued

No amounts have been recorded for the value of contributed services received from numerous volunteers who are involved in events and activities that did not meet requirements for recognition in the financial statements. The total amount of volunteer hours contributed to the Organization's events and activities amounted to 23,639 and 22,166 for the years ended December 31, 2015 and 2014, respectively.

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

Inventory – Food Program and In-kind Food Donations

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

The Organization does record in-kind donations to the food program which is included in the statement of activities. The Organization bases the per pound value on a study performed by Feeding America, which was \$1.70 and \$1.72 per pound for the years ended December 31, 2015 and 2014, respectively. The Organization recorded the following in-kind donations of food for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Pounds of Donated Food	983,030	968,556
Value Per Pound	\$ <u>1.70</u>	\$ <u>1.72</u>
Total Value of Donated Food	\$ <u>1,671,151</u>	\$ <u>1,665,916</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, 2015 and 2014

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

Investments

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

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

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

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

Level III: Inputs that are unobservable.

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the financial statement amounts and disclosures. Actual results could differ from those estimates and assumptions.

Property and Equipment

The Organization capitalizes major purchases of property and equipment invoiced over \$3,000, which are not in the nature of replacements or repairs. Minor equipment purchases, replacements, maintenance and repairs are charged to expense as incurred.

Capitalized property and equipment are recorded at cost, if purchased or constructed; or at fair market value at the date of the gift, if donated.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2015 and 2014

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:

	2015	2014	Estimated Useful Life
Land	\$ 186,911	\$ 186,911	
Construction In Progress	-	364,422	
Building	1,341,064	357,216	39 Years
Food Pantry Equipment	202,807	147,511	5 Years
Thrift Shop Equipment	95,004	95,004	5 Years
Vehicles	198,738	130,346	5 Years
	2,024,524	1,281,410	
Accumulated Depreciation	(334,307)	(265,031)	
	\$ 1,690,217	\$ 1,016,379	

Depreciation expense amounted to \$69,277 and \$60,560 for the years ended December 31, 2015 and 2014, respectively.

In 2015, the Organization completed a 2,000 square foot warehouse expansion to double dry storage and triple cold storage areas. The project also included the addition of a loading dock, increased parking spaces, classroom/ training space, a full pantry renovation and safety/ accessibility upgrades to the existing building.

Promises to Give

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2015 and 2014

2. Unconditional Promises to Give

Unconditional promises to give are as follows at December 31:

	2015	2014
Receivable in One Year	\$ 138,980	\$ 219,761
Receivable in Two to Five Years	80,000	76,500
Receivable in more than Five Years	-	-
Total Unconditional Promises to Give	218,980	296,261
Less Discounts to Net Present Value	(2,602)	(5,497)
Net Unconditional Promises to Give	\$ 216,378	\$ 290,764
Promises to Give, Current Portion	\$ 137,330	\$ 215,688
Promises to Give, Net of Current Portion	79,048	75,076
Total	\$ 216,378	\$ 290,764

3. Conditional Promise to Give

During the year ended December 31, 2014, the Organization was notified that it was named a beneficiary in a donor's will. The Organization received \$40,000 upon the settlement of the decedent's estate during the year ended December 31, 2015.

4. Rent

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

Future minimum lease payments for the next five years as of December 31, 2015 are as follows:

2016	\$ 98,400
2017	99,384
2018	102,336
2019	102,336
2020	102,336
	\$ 504,792

The Organization paid rent of \$98,400 and \$97,900 for the years ended December 31, 2015 and 2014, respectively.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2015 and 2014

5. Investments

Investments are considered Level 1 and consist of the following at December 31, 2015:

	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Appreciation/ (Depreciation)</u>
69.736 shares of Vanguard 500 Index Fund Adm	<u>\$ 11,597</u>	<u>\$ 13,144</u>	<u>\$ 1,547</u>
Total Investments	<u>\$ 11,597</u>	<u>\$ 13,144</u>	<u>\$ 1,547</u>

Investment return for the year ended December 31, 2015 is summarized as follows:

Dividends	\$ 273
Unrealized (Depreciation)	(96)
Total Investment Return	<u>\$ 177</u>

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

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

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

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

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2015 and 2014

6. Notes Payable

Notes Payable at December 31 are as follows:

	2015	2014
<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%. In August 2013, the Organization modified the note and reduced the interest rate to 4% and the amortization to 10 years. The monthly principal and interest amount is \$2,593.</p>	\$ 204,718	\$ 227,199
<p>Note Payable to a bank in 60 monthly principal and interest payments of \$285 at a fixed rate of interest of 5.25% through May 2018. The note is secured by a motor vehicle. See Note 8.</p>	7,749	10,818
<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. The \$6,000 balance of the loan was forgiven during the year ended December 31, 2015 and is included in Public Grants.</p>	-	6,000
	212,467	244,017
Less Current Portion	(26,361)	(31,293)
Long-Term Portion	\$ 186,106	\$ 212,724

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2015 and 2014

6. Notes Payable – Continued

Maturities of note payable over the next five years are as follows at December 31, 2015:

2016	\$	26,361
2017		27,475
2018		26,612
2019		26,230
2020		27,298
Thereafter		78,491
	\$	212,467

7. Net Assets

Net Assets consist of the following December 31:

	2015		2014
Unrestricted:			
Operating	\$ 442,630	\$	549,069
Net Investment in Property and Equipment	1,477,750		772,362
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 Unrestricted	2,132,509		1,533,560
Temporarily Restricted:			
Capital Campaign	87,863		794,073
Grant Related	150,000		-
Equipment Purchases	100,000		-
Senior Program	55,000		-
Mortgage Principal	-		4,642
Total Temporarily Restricted	392,863		798,715
Total Net Assets	\$ 2,525,372	\$	2,332,275

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2015 and 2014

8. Related Party Transactions

During the years ended December 31, 2015 and 2014, the Organization received transportation services from a related party. A member of the Organization's board of directors is the owner of the company which provided the services. The amount paid for these services amounted to \$24,360 and \$23,310 for the years ended December 31, 2015 and 2014, respectively.

During the years ended December 31, 2015 and 2014, 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 \$7,758 and \$6,066 for the years ended December 31, 2015 and 2014.

During the year ended December 31, 2015, the Organization purchased a vehicle from a car dealership owned by one of its directors. The amount paid for this vehicle was \$24,100.

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 20% of total support and revenue in the form of donated food.

9. Commitments

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

10. Simple IRA Plan

The Organization established a SIMPLE IRA plan, during the year ended December 31, 2015, 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 \$15,053 and \$ - for the years ended December 31, 2015 and 2014, respectively.

THE OPEN DOOR/CAPE ANN FOOD PANTRY, INC.

Notes to Financial Statements - Continued

For the Years Ended December 31, 2015 and 2014

11. Subsequent Events

In January 2016, the Ipswich Community Food Pantry, Inc. merged with The Open Door/ Cape Ann Food Pantry, Inc. Under the terms of the merger, the Organization will maintain a physical presence in Ipswich, include two Ipswich residents on its Board of Directors and continue to serve the residents of Ipswich with the same level of service they have received in the past. The Organization received approximately \$150,000 in the merger which is earmarked to support the Ipswich program.

In May 2016, the Organization made a principal payment of \$150,000 to pay down its real estate mortgage.

Except as described as above, the Organization did not have any subsequent events through July 19, 2016, 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, 2015.