

**NEW YORK COMMON PANTRY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
New York Common Pantry, Inc.

We have audited the accompanying financial statements of New York Common Pantry, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows 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.

### **Auditors' 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 audit 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 auditors' 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 New York Common Pantry, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Lotz + Carr, LLP*

New York, New York  
March 8, 2018

**NEW YORK COMMON PANTRY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1c and 9a)	\$ 671,433	\$1,279,830
Cash and cash equivalents held for investment (Notes 1c and 9a)	33,104	23,995
Investments (Notes 1d and 3)	1,023,278	951,766
Unconditional promises to give (Notes 1e and 4a)		
Unrestricted	1,356,218	869,217
Restricted for future programs and periods	478,918	601,493
Restricted for property and equipment	92,625	-
Prepaid expenses and other assets	132,915	136,765
Deferred leasing costs, net of amortization of \$12,467 and \$4,987, respectively (Note 1f)	24,933	32,413
Property and equipment, at cost (net of accumulated depreciation) (Notes 1g and 5)	2,855,546	2,815,982
Security deposits	<u>145,720</u>	<u>145,720</u>
<b>Total Assets</b>	<u><u>\$6,814,690</u></u>	<u><u>\$6,857,181</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 383,242</u>	<u>\$ 246,098</u>
Commitments and Contingency (Note 8)		
Net Assets (Note 2)		
Unrestricted		
Board designated and other	2,913,746	2,758,682
Property and equipment	<u>2,855,546</u>	<u>2,815,982</u>
Total Unrestricted	5,769,292	5,574,664
Temporarily restricted	<u>662,156</u>	<u>1,036,419</u>
Total Net Assets	<u><u>6,431,448</u></u>	<u><u>6,611,083</u></u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$6,814,690</u></u>	<u><u>\$6,857,181</u></u>

See notes to financial statements.

## NEW YORK COMMON PANTRY, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Changes from Operations</b>						
Support and Revenue						
Government grants (Notes 4b, 4c and 9)	\$ 3,428,954	\$ -	\$ 3,428,954	\$ 2,136,750	\$ -	\$2,136,750
Contributions	2,256,980	265,179	2,522,159	2,126,368	1,036,419	3,162,787
Sponsors	104,493	-	104,493	91,816	-	91,816
Fundraising - benefits (Note 10)	732,093	-	732,093	768,879	-	768,879
Direct benefit expenses (Note 10)	(88,692)	-	(88,692)	(87,009)	-	(87,009)
Donated materials and facility (Note 6)	5,102,960	-	5,102,960	2,433,085	-	2,433,085
Miscellaneous	4,434	-	4,434	1,901	-	1,901
	<u>11,541,222</u>	<u>265,179</u>	<u>11,806,401</u>	<u>7,471,790</u>	<u>1,036,419</u>	<u>8,508,209</u>
Net assets released from restrictions						
Satisfaction of time and program restrictions	<u>771,759</u>	<u>(771,759)</u>	<u>-</u>	<u>272,734</u>	<u>(272,734)</u>	<u>-</u>
Total Support and Revenue	<u>12,312,981</u>	<u>(506,580)</u>	<u>11,806,401</u>	<u>7,744,524</u>	<u>763,685</u>	<u>8,508,209</u>
Expenses						
Program Services						
Choice Pantry	3,100,298	-	3,100,298	2,551,251	-	2,551,251
Choice Pantry Bronx	164,487	-	164,487	-	-	-
Help 365	643,084	-	643,084	410,692	-	410,692
Hot Meal Programs	440,492	-	440,492	327,184	-	327,184
Live Healthy!	1,183,613	-	1,183,613	819,676	-	819,676
Project Dignity	209,296	-	209,296	133,715	-	133,715
Nourish Program	5,095,068	-	5,095,068	2,452,553	-	2,452,553
Total Program Services	<u>10,836,338</u>	<u>-</u>	<u>10,836,338</u>	<u>6,695,071</u>	<u>-</u>	<u>6,695,071</u>
Supporting Services						
Management and general	653,403	-	653,403	523,940	-	523,940
Fundraising	487,229	-	487,229	394,104	-	394,104
Total Supporting Services	<u>1,140,632</u>	<u>-</u>	<u>1,140,632</u>	<u>918,044</u>	<u>-</u>	<u>918,044</u>
Total Expenses Before Depreciation	<u>11,976,970</u>	<u>-</u>	<u>11,976,970</u>	<u>7,613,115</u>	<u>-</u>	<u>7,613,115</u>
Increase (Decrease) in Net Assets from Operations Before Depreciation	336,011	(506,580)	(170,569)	131,409	763,685	895,094
Depreciation Expense	<u>(233,121)</u>	<u>-</u>	<u>(233,121)</u>	<u>(219,975)</u>	<u>-</u>	<u>(219,975)</u>
Increase (Decrease) in Net Assets from Operations	<u>102,890</u>	<u>(506,580)</u>	<u>(403,690)</u>	<u>(88,566)</u>	<u>763,685</u>	<u>675,119</u>
Non-Operating Activities						
Contributions for property and equipment	-	132,317	132,317	218,286	-	218,286
Net assets released from restrictions - capital	-	-	-	103,891	(103,891)	-
Interest and dividends	27,612	-	27,612	35,503	-	35,503
Net realized and unrealized gains (losses) on investments (Note 3)	64,126	-	64,126	(15,110)	-	(15,110)
Increase (Decrease) in Net Assets from Non-Operating Activities	<u>91,738</u>	<u>132,317</u>	<u>224,055</u>	<u>342,570</u>	<u>(103,891)</u>	<u>238,679</u>
Increase (decrease) in net assets	194,628	(374,263)	(179,635)	254,004	659,794	913,798
Net assets, beginning of year	<u>5,574,664</u>	<u>1,036,419</u>	<u>6,611,083</u>	<u>5,320,660</u>	<u>376,625</u>	<u>5,697,285</u>
<b>Net Assets, End of Year</b>	<u>\$ 5,769,292</u>	<u>\$ 662,156</u>	<u>\$ 6,431,448</u>	<u>\$ 5,574,664</u>	<u>\$ 1,036,419</u>	<u>\$6,611,083</u>

See notes to financial statements.

## NEW YORK COMMON PANTRY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services							Supporting Services			Total Expenses	
	Choice Pantry	Choice Pantry Bronx	Help 365	Hot Meal Programs	Live Healthy!	Project Dignity	Nourish Program	Total	Management and General	Fundraising		Total
Food (Note 6)	\$2,423,300	\$ 27,306	\$ 30	\$ 57,918	\$ 12,450	\$ -	\$3,192,606	\$ 5,713,610	\$ -	\$ -	\$ -	\$ 5,713,610
Toys (Note 6)	73,015	-	-	-	-	-	-	73,015	-	-	-	73,015
Salaries	336,383	68,522	460,394	254,842	691,018	146,034	997,871	2,955,064	259,737	268,678	528,415	3,483,479
Payroll taxes and employee benefits	58,265	11,869	79,745	44,141	119,692	25,295	172,842	511,849	44,989	46,538	91,527	603,376
Rent	19,583	26,518	25,770	17,388	95,625	10,673	187,033	382,590	28,666	29,349	58,015	440,605
Utilities	10,189	465	12,325	6,645	10,911	3,648	28,559	72,742	11,182	10,102	21,284	94,026
Postage and delivery	600	45	285	1,515	582	240	95	3,362	1,606	3,497	5,103	8,465
Telephone	4,682	1,345	7,518	2,320	8,216	1,214	21,636	46,931	5,737	2,429	8,166	55,097
Technology	2,773	-	3,481	1,809	5,491	993	7,897	22,444	3,043	2,750	5,793	28,237
Supplies	40,620	12,300	10,162	22,139	136,480	2,827	61,200	285,728	15,356	3,015	18,371	304,099
Insurance	4,643	1,327	7,045	4,358	40,335	2,281	47,700	107,689	4,717	4,892	9,609	117,298
Printing	2,930	226	4,790	2,963	7,363	1,551	16,165	35,988	2,990	3,100	6,090	42,078
Travel	1,961	-	5,137	722	39,775	375	14,928	62,898	6,796	4,141	10,937	73,835
Building/equipment rental, repairs	2,051	14,145	4,123	8,552	10,802	8,360	48,331	96,364	59,070	8,047	67,117	163,481
Professional services	98,138	-	19,837	14,054	2,729	3,958	207,943	346,659	160,152	47,713	207,865	554,524
Vehicle expenses	19,276	-	-	-	-	-	62,194	81,470	6,767	-	6,767	88,237
Bank charges	-	-	-	-	-	-	-	-	23,529	8,097	31,626	31,626
Advertising	1,224	419	1,734	770	1,347	270	15,417	21,181	3,363	6,439	9,802	30,983
Indirect benefit expenses	-	-	-	-	-	-	-	-	-	36,846	36,846	36,846
Membership dues and subscription	486	-	538	356	797	1,577	2,992	6,746	4,789	346	5,135	11,881
Training	179	-	170	-	-	-	2,179	2,528	10,534	1,250	11,784	14,312
Amortization	-	-	-	-	-	-	7,480	7,480	-	-	-	7,480
Miscellaneous	-	-	-	-	-	-	-	-	380	-	380	380
Total expenses before depreciation	3,100,298	164,487	643,084	440,492	1,183,613	209,296	5,095,068	10,836,338	653,403	487,229	1,140,632	11,976,970
Depreciation	20,529	3,101	29,663	15,410	46,784	8,460	59,811	183,758	25,935	23,428	49,363	233,121
Total Expenses	<u>\$3,120,827</u>	<u>\$ 167,588</u>	<u>\$672,747</u>	<u>\$455,902</u>	<u>\$1,230,397</u>	<u>\$217,756</u>	<u>\$5,154,879</u>	<u>\$11,020,096</u>	<u>\$ 679,338</u>	<u>\$ 510,657</u>	<u>\$1,189,995</u>	<u>\$12,210,091</u>

See notes to financial statements.

## NEW YORK COMMON PANTRY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	Program Services						Supporting Services			Total Expenses	
	Choice Pantry	Help 365	Hot Meal Programs	Live Healthy!	Project Dignity	Nourish Program	Total	Management and General	Fundraising		Total
Food (Note 6)	\$2,116,263	\$ 30	\$ 56,108	\$ 10,615	\$ -	\$ 781,446	\$2,964,462	\$ -	\$ -	\$ -	\$2,964,462
Toys (Note 6)	66,296	-	-	-	-	-	66,296	-	-	-	66,296
Salaries	191,807	291,076	180,029	447,550	94,221	982,590	2,187,273	181,711	188,442	370,153	2,557,426
Payroll taxes and employee benefits	37,472	56,865	35,171	87,438	18,408	191,966	427,320	35,502	36,814	72,316	499,636
Rent	9,208	13,974	8,643	81,861	4,523	145,963	264,172	8,724	9,047	17,771	281,943
Utilities	4,258	6,405	3,961	16,748	2,073	40,362	73,807	3,998	4,146	8,144	81,951
Postage and delivery	680	516	549	1,356	167	2,695	5,963	4,116	334	4,450	10,413
Telephone	4,211	5,253	1,621	5,740	848	15,117	32,790	4,008	1,697	5,705	38,495
Supplies	56,661	1,912	23,129	74,878	3,747	37,296	197,623	17,352	2,802	20,154	217,777
Insurance	3,714	5,636	3,486	30,088	1,825	35,582	80,331	3,519	3,649	7,168	87,499
Printing	2,182	3,311	2,048	5,090	1,072	11,175	24,878	2,067	2,143	4,210	29,088
Travel	1,846	4,836	680	37,447	353	14,055	59,217	6,398	3,899	10,297	69,514
Building/equipment rental, repairs	4,977	6,455	4,740	8,301	2,132	49,826	76,431	78,984	13,249	92,233	168,664
Miscellaneous	7,575	-	-	75	-	3,691	11,341	13,208	1,167	14,375	25,716
Professional services	22,569	13,475	6,247	10,215	2,232	61,720	116,458	120,938	83,211	204,149	320,607
Vehicle expenses	18,585	-	-	-	-	67,810	86,395	12,896	-	12,896	99,291
Bank charges	20	-	40	26	-	-	86	17,010	9,786	26,796	26,882
Advertising	1,860	235	260	959	25	1,650	4,989	7,061	5,543	12,604	17,593
Indirect benefit expenses	-	-	-	-	-	-	-	31	27,717	27,748	27,748
Membership dues and subscription	643	713	472	1,055	2,089	3,962	8,934	6,342	458	6,800	15,734
Training	424	-	-	234	-	660	1,318	75	-	75	1,393
Amortization	-	-	-	-	-	4,987	4,987	-	-	-	4,987
Total expenses before depreciation	2,551,251	410,692	327,184	819,676	133,715	2,452,553	6,695,071	523,940	394,104	918,044	7,613,115
Depreciation	16,489	25,023	15,476	38,474	8,100	84,592	188,154	15,621	16,200	31,821	219,975
Total Expenses	<u>\$2,567,740</u>	<u>\$435,715</u>	<u>\$342,660</u>	<u>\$858,150</u>	<u>\$141,815</u>	<u>\$2,537,145</u>	<u>\$6,883,225</u>	<u>\$ 539,561</u>	<u>\$ 410,304</u>	<u>\$949,865</u>	<u>\$7,833,090</u>

See notes to financial statements.

## NEW YORK COMMON PANTRY, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (179,635)	\$ 913,798
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	233,121	219,975
Amortization	7,480	4,987
Donated stock	(101,508)	(222,129)
Net realized and unrealized (gain) loss on investments	(64,126)	15,110
Contributions for property and equipment	(132,317)	(218,286)
(Increase) decrease in:		
Unconditional promises to give	(364,426)	(936,494)
Prepaid expenses and other assets	3,850	(61,393)
Deferred leasing costs	-	(37,400)
Security deposits	-	(139,500)
Increase in accounts payable and accrued expenses	137,144	26,484
Net Cash Used By Operating Activities	<u>(460,417)</u>	<u>(434,848)</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of property and equipment	(272,685)	(250,866)
Cash received for capital improvements	39,692	168,746
Purchases of investments	(760,625)	(575,794)
Proceeds from sale of investments	854,747	749,406
Net Cash Provided (Used) By Investing Activities	<u>(138,871)</u>	<u>91,492</u>
Net decrease in cash and cash equivalents	(599,288)	(343,356)
Cash and cash equivalents, beginning of year	<u>1,303,825</u>	<u>1,647,181</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 704,537</u>	<u>\$1,303,825</u>

See notes to financial statements.



**NEW YORK COMMON PANTRY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

New York Common Pantry, Inc. provides programs and services to feed low income New Yorkers, bringing dignity into their lives, and assisting them in achieving more independent living. A substantial portion of the Organization's support is derived from contributions, foundation grants, government contracts, benefit income and donated goods and services.

**b - Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**c - Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all short-term highly liquid investments, such as money market funds, except for cash held for investment, to be cash equivalents.

**d - Investments and Fair Value Measurements**

The Organization reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. A fair value hierarchy is used that prioritizes inputs to valuation techniques used to measure fair value into three levels.

Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the assumptions developed by the Organization based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3.

**NEW YORK COMMON PANTRY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Investments and Fair Value Measurements (continued)**

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

**e - Contributions and Unconditional Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made.

**f - Deferred Leasing Costs**

Leasing costs are amortized using the straight line method over the related lease term.

**g - Property and Equipment**

Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful life of the asset. Donations of property and equipment are recorded as support at their estimated fair value on the date of receipt. Leasehold improvements are depreciated over the term of the lease and options to renew.

**h - Donated Services**

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received. No amounts have been reflected for services received from individuals who volunteer their time and perform numerous tasks that assist the Organization with its programs, solicitations and committee assignments.

**i - Advertising Expenses**

Advertising costs are charged to operations when the advertising first takes place. Advertising expenses for 2017 and 2016 were \$30,983 and \$17,593, respectively.

**NEW YORK COMMON PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

j - 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

k - Tax Status

New York Common Pantry, Inc. is recognized as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

l - Subsequent Events

The Organization has evaluated subsequent events through March 8, 2018, the date that the financial statements are considered available to be issued.

**Note 2 - Net Assets**

Net assets consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Board designated cash reserve for operations	\$ 644,888	\$ -	\$ 644,888	\$ 644,888
Other	2,268,858	-	2,268,858	2,113,794
Property and equipment	2,855,546	132,317	2,987,863	2,815,982
Future programs and periods	<u>-</u>	<u>529,839</u>	<u>529,839</u>	<u>1,036,419</u>
2017 Total	<u>\$5,769,292</u>	<u>\$ 662,156</u>	<u>\$6,431,448</u>	
2016 Total	<u>\$5,574,664</u>	<u>\$1,036,419</u>		<u>\$6,611,083</u>

**NEW YORK COMMON PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**Note 3 - Investments**

Investments at June 30, 2017 and 2016 are classified within Level 1 of the fair value hierarchy and consist of the following:

	<u>2017</u>		<u>2016</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities	\$ 444,977	\$412,987	\$390,206	\$380,903
Equity mutual funds	92,830	88,084	84,895	88,682
Bond mutual funds	404,751	406,263	398,671	401,028
All asset mutual fund	<u>80,720</u>	<u>80,816</u>	<u>77,994</u>	<u>80,816</u>
	<u>\$1,023,278</u>	<u>\$988,150</u>	<u>\$951,766</u>	<u>\$951,429</u>

Net realized and unrealized gains (losses) consist of the following:

	<u>2017</u>	<u>2016</u>
Net realized gain (loss)	\$29,335	\$(42,764)
Net unrealized gain	<u>34,791</u>	<u>27,654</u>
	<u>\$64,126</u>	<u>\$(15,110)</u>

**Note 4 - Promises to Give**

a - Unconditional promises to give are due as follows:

	<u>2017</u>	<u>2016</u>
Due within one year	\$1,844,334	\$1,470,710
Due in one to five years	<u>90,000</u>	<u>-</u>
	1,934,334	1,470,710
Less: Discount to present value	<u>(6,573)</u>	<u>-</u>
	<u>\$1,927,761</u>	<u>\$1,470,710</u>

Unconditional promises to give after one year are discounted to net present value using a discount rate of 3%. Uncollectible promises to give are expected to be insignificant.

**NEW YORK COMMON PANTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**Note 4 - Promises to Give (continued)**

- b - During the year ended June 30, 2016, the Organization received a grant of \$6,130,093 to improve nutrition and health services of eligible seniors in New York State over a four-year period ending September 30, 2019. During the years ended June 30, 2017 and 2016, \$1,651,819 and \$645,813, respectively, of costs were incurred of which \$21,716, in 2016, was included in contributions for property and equipment. The remaining portion of the grant, \$3,832,461, has not been reflected in the accompanying financial statements since there are uncertainties regarding the actual amount of the revenue and expenses that will be billed under this grant.
- c - During the year ended June 30, 2015, the Organization received a grant of \$5,241,950 to improve nutrition education and obesity prevention activities to a targeted population over a five-year period ending September 30, 2019. During the years ended June 30, 2017 and 2016 \$1,030,568 and \$880,508, respectively, of costs were incurred and billed. The remaining portion of the grant, \$2,849,827, has not been reflected in the accompanying financial statements since there are uncertainties regarding the actual amount of the revenue and expenses that will be billed under this grant.

**Note 5 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2017</u>	<u>2016</u>
	Life of lease		
Leasehold improvements	and options	\$3,868,913	\$3,698,336
Vans	5 years	248,146	191,299
Equipment	5 years	<u>804,179</u>	<u>758,918</u>
		4,921,238	4,648,553
Less: Accumulated depreciation		<u>(2,065,692)</u>	<u>(1,832,571)</u>
Total		<u>\$2,855,546</u>	<u>\$2,815,982</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$233,121 and \$219,975, respectively.

**NEW YORK COMMON PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**Note 6 - Donated Materials and Facility**

The Organization received donated materials and satellite pantry space in connection with its programs that it valued using the estimated or known market prices at the time of the donations. The total contribution per category is as follows:

	<u>2017</u>	<u>2016</u>
Food	\$5,000,167	\$2,353,824
Toys	73,015	66,296
Pantry space	26,518	-
Other	<u>3,260</u>	<u>12,965</u>
	<u>\$5,102,960</u>	<u>\$2,433,085</u>

During the years ended June 30, 2017 and 2016, non-professional volunteers worked for the Organization. In accordance with generally accepted accounting principles, the value of these services is not included in the accompanying financial statements. During the year ended June 30, 2017, there were 55,448 volunteer hours donated to the Organization.

**Note 7 - Functional Allocation of Expenses**

The cost of providing the various program and supporting services has been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 8 - Commitments and Contingency**

a - The Organization leases office and soup kitchen/food pantry space pursuant to a lease expiring in August 31, 2020 with options to renew through August 31, 2035. Rent expense for the years ended June 30, 2017 and 2016 was \$116,827 and \$106,693, respectively.

During the year ended June 30, 2016, the Organization entered into two leases for program and warehouse space. The leases are for five years ending October 31, 2020. Rent expense for the years ended June 30, 2017 and 2016 was \$284,076 and \$175,250, respectively.

**NEW YORK COMMON PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**Note 8 - Commitments and Contingency**

a - (continued)

The lease agreements provide for minimum annual rental payments as follows:

<u>Year Ending June 30,</u>	
2018	\$403,775
2019	394,881
2020	403,009
2021	198,589

The Organization occupies a satellite pantry under a memorandum of understanding, rent-free, beginning November, 2016 for a period of up to ten years. The fair value of the use of the facility, \$26,518, is included in donated materials and facility on the statement of activities (Note 6).

b - Government grants are subject to audit by the respective granting agencies. Management believes that no significant adjustments, if any, would result from such audits.

**Note 9 - Concentrations**

a - Credit Risk

The Organization maintains cash accounts in financial institutions in New York City. Certain balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization also maintains a balance in a money market account backed by U.S. Government securities.

b - Contributions

During the year ended June 30, 2017, two donors accounted for approximately 41% of public support.

During the year ended June 30, 2016, one donor accounted for approximately 13% of public support.

**NEW YORK COMMON PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**Note 10 - Benefit Income**

The Organization's net benefit income consists of the following:

	<u>2017</u>	<u>2016</u>
Gross benefit income	\$732,093	\$768,879
Less: Direct expenses	<u>(88,692)</u>	<u>(87,009)</u>
Net Benefit Income Before Indirect Expenses	643,401	681,870
Indirect expenses	<u>(36,846)</u>	<u>(27,748)</u>
Net Benefit Income	<u>\$606,555</u>	<u>\$654,122</u>

Indirect expenses are included with fundraising expenses on the statements of activities and functional expenses.

**Note 11 - Retirement Plan**

The Organization maintains a tax deferred annuity 403(b) plan for its employees. The participating employees may contribute up to the statutory maximum. The amount of the employer's contribution is discretionary and is determined by the Organization each year. The Organization made a discretionary contribution of \$48,663 during the year ended June 30, 2016. There was no contribution made during the year ended June 30, 2017.