

YORKVILLE COMMON PANTRY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007



LUZ AND CARR
CERTIFIED PUBLIC ACCOUNTANTS, LLP
300 EAST 42ND ST., NEW YORK, NY 10017
212-697-2299 Fax 212-949-1768

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Yorkville Common Pantry, Inc.

We have audited the accompanying statements of financial position of Yorkville Common Pantry, Inc. (a not-for-profit corporation) as of June 30, 2008 and 2007, 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 Yorkville Common Pantry, Inc. as of June 30, 2008 and 2007, 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.

Lutz + Carr, LLP

New York, New York
December 1, 2008

YORKVILLE COMMON PANTRY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and cash equivalents (Notes 1c and 9)	\$ 708,690	\$ 402,155
Cash and cash equivalents held for investment (Notes 1c and 9)	17,632	31,506
Investments (Notes 1d and 3)	728,654	762,659
Unconditional promises to give (Notes 1e and 4)		
Unrestricted	187,818	125,000
Restricted to future programs and periods	100,000	66,266
Restricted for building renovation and maintenance	186,233	62,005
Prepaid expenses and other assets	55,042	85,152
Property and equipment, at cost (net of accumulated depreciation) (Notes 1f and 5)	3,667,368	3,642,319
Security deposit	<u>6,220</u>	<u>2,500</u>
Total Assets	<u><u>\$5,657,657</u></u>	<u><u>\$5,179,562</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 119,624</u>	<u>\$ 299,677</u>
Commitments and Contingency (Notes 8 and 11)		
Net Assets (Note 2)		
Unrestricted	4,931,331	4,650,547
Temporarily restricted	<u>606,702</u>	<u>229,338</u>
Total Net Assets	<u><u>5,538,033</u></u>	<u><u>4,879,885</u></u>
Total Liabilities and Net Assets	<u><u>\$5,657,657</u></u>	<u><u>\$5,179,562</u></u>

See notes to financial statements.

YORKVILLE COMMON PANTRY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2008 AND 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes From Operations						
Support and Revenue						
Government grants	\$ 296,808	\$ 3,799	\$ 300,607	\$ 297,343	\$ 36,182	\$ 333,525
Contributions	1,755,987	262,844	2,018,831	1,086,254	84,510	1,170,764
Sponsors	145,999	-	145,999	86,739	-	86,739
Fundraising - benefits (Note 10)	213,210	-	213,210	362,289	-	362,289
Direct benefit expenses (Note 10)	(53,804)	-	(53,804)	(63,990)	-	(63,990)
Donated materials (Note 6)	1,123,606	-	1,123,606	953,130	-	953,130
Miscellaneous	6,562	-	6,562	16,181	-	16,181
	<u>3,488,368</u>	<u>266,643</u>	<u>3,755,011</u>	<u>2,737,946</u>	<u>120,692</u>	<u>2,858,638</u>
Net assets released from restrictions						
Satisfaction of time and program restrictions	150,729	(150,729)	-	268,282	(268,282)	-
	<u>3,639,097</u>	<u>115,914</u>	<u>3,755,011</u>	<u>3,006,228</u>	<u>(147,590)</u>	<u>2,858,638</u>
Total Support and Revenue						
Expenses						
Program Services Before Depreciation						
Project Dignity	243,986	-	243,986	262,132	-	262,132
Meal Programs	276,867	-	276,867	241,357	-	241,357
Pantry Programs	1,846,813	-	1,846,813	1,470,755	-	1,470,755
24/7 @ YCP	248,189	-	248,189	270,045	-	270,045
Total Program Services	<u>2,615,855</u>	<u>-</u>	<u>2,615,855</u>	<u>2,244,289</u>	<u>-</u>	<u>2,244,289</u>
Supporting Services Before Depreciation						
Management and general	415,524	-	415,524	352,321	-	352,321
Building renovation	-	-	-	149,676	-	149,676
Fundraising	325,104	-	325,104	312,446	-	312,446
Total Supporting Services	<u>740,628</u>	<u>-</u>	<u>740,628</u>	<u>814,443</u>	<u>-</u>	<u>814,443</u>
Total Expenses Before Depreciation	<u>3,356,483</u>	<u>-</u>	<u>3,356,483</u>	<u>3,058,732</u>	<u>-</u>	<u>3,058,732</u>
Increase (Decrease) in Net Assets from Operations Before Depreciation	282,614	115,914	398,528	(52,504)	(147,590)	(200,094)
Depreciation Expense	<u>(171,555)</u>	<u>-</u>	<u>(171,555)</u>	<u>(42,054)</u>	<u>-</u>	<u>(42,054)</u>
Increase (Decrease) in Net Assets from Operations	<u>111,059</u>	<u>115,914</u>	<u>226,973</u>	<u>(94,558)</u>	<u>(147,590)</u>	<u>(242,148)</u>
Non-Operating Activities						
Contributions for capital improvements	152,568	308,951	461,519	453,299	85,155	538,454
Net assets released from restrictions - capital improvements	47,501	(47,501)	-	2,377,816	(2,377,816)	-
Interest and dividends	35,941	-	35,941	40,826	-	40,826
Net realized and unrealized gains (losses)	<u>(66,285)</u>	<u>-</u>	<u>(66,285)</u>	<u>73,259</u>	<u>-</u>	<u>73,259</u>
Increase (Decrease) in Net Assets from Non-Operating Activities	<u>169,725</u>	<u>261,450</u>	<u>431,175</u>	<u>2,945,200</u>	<u>(2,292,661)</u>	<u>652,539</u>
Increase (decrease) in net assets	280,784	377,364	658,148	2,850,642	(2,440,251)	410,391
Net assets, beginning of year	<u>4,650,547</u>	<u>229,338</u>	<u>4,879,885</u>	<u>1,799,905</u>	<u>2,669,589</u>	<u>4,469,494</u>
Net Assets, End of Year	<u>\$4,931,331</u>	<u>\$ 606,702</u>	<u>\$5,538,033</u>	<u>\$4,650,547</u>	<u>\$ 229,338</u>	<u>\$4,879,885</u>

See notes to financial statements.

YORKVILLE COMMON PANTRY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2008

	Program Services				Supporting Services			Total	
	Project Dignity	Meal Program	Pantry Programs	24/7 @ YCP	Total	Management and General	Fundraising		Total
Food (Note 6)	\$ 5,032	\$100,787	\$1,450,403	\$ 2,145	\$1,558,367	\$ -	\$ 97	\$ 97	\$1,558,464
Toys and gift cards (Note 6)	17,687	-	51,442	-	69,129	-	-	-	69,129
Salaries	136,553	93,184	202,363	157,785	589,885	168,049	186,692	354,741	944,626
Payroll taxes and employee benefits	26,216	21,641	45,082	34,380	127,319	58,602	43,001	101,603	228,922
Rent	11,181	7,603	16,525	12,890	48,199	16,296	15,233	31,529	79,728
Utilities	13,098	8,906	19,358	15,100	56,462	16,082	17,843	33,925	90,387
Postage and delivery	577	610	1,811	660	3,658	4,430	3,806	8,236	11,894
Telephone	3,749	1,837	3,483	2,328	11,397	12,094	2,391	14,485	25,882
Supplies	4,631	27,520	25,680	1,335	59,166	18,802	3,756	22,558	81,724
Insurance	6,606	4,492	9,764	7,616	28,478	11,930	8,999	20,929	49,407
Printing	1,778	1,157	2,188	1,554	6,677	18,341	4,511	22,852	29,529
Travel	6,029	5	2,295	8	8,337	1,487	236	1,723	10,060
Building/equipment rental, repairs	5,675	3,859	8,389	6,544	24,467	8,324	7,732	16,056	40,523
Miscellaneous	-	-	25	10	35	2,016	55	2,071	2,106
Professional services	3,365	1,596	3,080	5,316	13,357	75,222	4,755	79,977	93,334
Vehicle expenses	269	2,173	2,599	310	5,351	1,039	367	1,406	6,757
Bank charges	15	14	28	21	78	359	6,088	6,447	6,525
Indirect benefit expenses	-	-	-	-	-	-	18,606	18,606	18,606
Membership dues and subscription	1,405	1,436	2,091	187	5,119	2,451	936	3,387	8,506
Annual report	-	47	47	-	94	-	-	-	94
Training	120	-	160	-	280	-	-	-	280
Total expenses before depreciation	243,986	276,867	1,846,813	248,189	2,615,855	415,524	325,104	740,628	3,356,483
Depreciation	24,880	16,904	36,742	28,659	107,185	30,523	33,847	64,370	171,555
Total Expenses	<u>\$268,866</u>	<u>\$293,771</u>	<u>\$1,883,555</u>	<u>\$276,848</u>	<u>\$2,723,040</u>	<u>\$ 446,047</u>	<u>\$ 358,951</u>	<u>\$804,998</u>	<u>\$3,528,038</u>

See notes to financial statements.

YORKVILLE COMMON PANTRY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2007

	Program Services				Supporting Services				Total	
	Project Dignity	Meal Programs	Pantry Programs	24/7 @ YCP	Program Total	Management and General	Building Renovation	Fundraising		Supporting Total
Food	\$ 61,787	\$ 75,095	\$1,075,070	\$ 79,528	\$1,291,480	\$ -	\$ -	\$ -	\$ -	\$1,291,480
Toys and gift cards (Note 6)	-	-	47,048	-	47,048	-	-	-	-	47,048
Salaries	79,530	79,530	159,061	119,295	437,416	119,295	79,530	159,063	357,888	795,304
Payroll taxes and employee benefits	21,735	21,735	43,470	32,603	119,543	32,603	21,735	43,525	97,863	217,406
Rent	54,800	36,550	73,100	20,564	185,014	18,250	-	18,250	36,500	221,514
Utilities	10,425	6,953	13,907	3,912	35,197	3,473	-	3,473	6,946	42,143
Postage and delivery	1,072	252	2,082	378	3,784	1,262	315	949	2,526	6,310
Telephone	5,367	975	4,066	1,302	11,710	2,025	350	2,180	4,555	16,265
Supplies	7,540	7,540	26,847	184	42,111	17,861	52	719	18,632	60,743
Insurance	4,434	4,434	8,867	6,651	24,386	14,603	-	8,869	23,472	47,858
Printing	-	44	-	-	44	6,579	-	16,104	22,683	22,727
Travel	4,458	74	385	-	4,917	2,369	-	431	2,800	7,717
Building/equipment rental, repairs	7,066	2,355	5,888	2,355	17,664	3,533	-	2,357	5,890	23,554
Miscellaneous	1,811	1,811	4,096	2,716	10,434	5,730	1,815	3,617	11,162	21,596
Professional services	260	63	1,024	199	1,546	110,876	36,400	859	148,135	149,681
Vehicle expenses	796	2,591	4,110	358	7,855	266	-	29	295	8,150
Bank charges	-	-	-	-	-	2,043	-	6,188	8,231	8,231
Indirect benefit expenses	-	-	-	-	-	-	-	35,302	35,302	35,302
Membership dues and subscription	1,051	1,113	1,387	-	3,551	11,508	-	1,087	12,595	16,146
Annual report	-	-	-	-	-	-	-	9,444	9,444	9,444
Training	-	242	347	-	589	45	-	-	45	634
Write-off of fixed assets	-	-	-	-	-	-	9,479	-	9,479	9,479
Total expenses before depreciation	262,132	241,357	1,470,755	270,045	2,244,289	352,321	149,676	312,446	814,443	3,058,732
Depreciation	22,441	1,870	5,990	7,099	37,400	3,723	-	931	4,654	42,054
Total Expenses	<u>\$284,573</u>	<u>\$243,227</u>	<u>\$1,476,745</u>	<u>\$277,144</u>	<u>\$2,281,689</u>	<u>\$ 356,044</u>	<u>\$ 149,676</u>	<u>\$ 313,377</u>	<u>\$ 819,097</u>	<u>\$3,100,786</u>

See notes to financial statements.

YORKVILLE COMMON PANTRY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 658,148	\$ 410,391
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	171,555	42,054
Write-off of fixed assets	-	9,479
Net realized and unrealized losses (gains)	66,285	(73,259)
Contribution for capital improvements	(461,519)	(538,454)
(Increase) decrease in:		
Unconditional promises to give	(96,552)	(56,757)
Prepaid expenses and other current assets	30,110	44,615
Security deposit	(3,720)	-
Increase (decrease) in accounts payable and accrued expenses	<u>(180,053)</u>	<u>66,896</u>
Net Cash Provided (Used) By Operating Activities	<u>184,254</u>	<u>(95,035)</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(10,229)	(238,821)
Building renovation	(186,375)	(2,804,278)
Cash received for capital improvements	337,291	3,342,426
Purchases of investments	(1,208,733)	(569,363)
Proceeds from sale of investments	<u>1,176,453</u>	<u>376,911</u>
Net Cash Provided By Investing Activities	<u>108,407</u>	<u>106,875</u>
Net increase in cash and cash equivalents	292,661	11,840
Cash and cash equivalents, beginning of year	<u>433,661</u>	<u>421,821</u>
Cash and Cash Equivalents, End of Year	<u>\$ 726,322</u>	<u>\$ 433,661</u>

See notes to financial statements.

YORKVILLE COMMON PANTRY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2008 AND 2007****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Yorkville 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, to be cash equivalents.

d - Investments

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.

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.

f - 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. Leasehold improvements are depreciated over the term of the lease and options to renew.

YORKVILLE COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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

h - 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.

i - Tax Status

Yorkville 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.

Note 2 - Net Assets

Net assets consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Total</u>	<u>2007 Total</u>
Board designated cash reserve for operations	\$ 746,286	\$ -	\$ 746,286	\$ 794,165
Other	517,677	-	517,677	237,213
Property and equipment	192,302	-	192,302	230,860
Designated for building improvements	3,475,066	348,950	3,824,016	3,473,464
Future programs and periods	<u>-</u>	<u>257,752</u>	<u>257,752</u>	<u>144,183</u>
2008 Total	<u>\$4,931,331</u>	<u>\$606,702</u>	<u>\$5,538,033</u>	
2007 Total		<u>\$229,338</u>		<u>\$4,879,885</u>

The Board has designated certain funds as a cash reserve for current and future operations. There are no permanently restricted net assets.

YORKVILLE COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Note 3 - Investments

Investments consist of the following:

	<u>2008</u>		<u>2007</u>	
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>
Equities	\$516,756	\$542,671	\$492,605	\$424,537
Corporate Bonds	211,898	217,168	65,571	66,743
Mortgage backed securities	-	-	33,869	34,593
Government Bonds	-	-	<u>170,614</u>	<u>171,562</u>
	<u>\$728,654</u>	<u>\$759,839</u>	<u>\$762,659</u>	<u>\$697,435</u>

Note 4 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2008</u>	<u>2007</u>
Due in one year	\$474,051	\$215,616
Due in two years	-	<u>37,655</u>
Total	<u>\$474,051</u>	<u>\$253,271</u>

Unconditional promises to give for periods after one year were discounted to net present value using a discount rate of 5%. Uncollectible promises to give are expected to be insignificant.

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2008</u>	<u>2007</u>
Leasehold improvements	Life of lease and options	\$3,617,784	\$3,431,409
Equipment	5 years	249,050	238,821
Transportation vehicle	5 years	-	<u>18,026</u>
		<u>3,866,834</u>	<u>3,688,256</u>
Less: Accumulated depreciation		<u>(199,466)</u>	<u>(45,937)</u>
Total		<u>\$3,667,368</u>	<u>\$3,642,319</u>

YORKVILLE COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Note 5 - Property and Equipment (continued)

Depreciation expense for the years ended June 30, 2008 and 2007 was \$171,555 and \$42,054, respectively.

Note 6 - Donated Materials

The Organization received donated materials and services 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>2008</u>	<u>2007</u>
Food	\$1,054,477	\$876,950
Toys and gift cards	69,129	47,048
Donated equipment	<u>-</u>	<u>29,132</u>
	<u>\$1,123,606</u>	<u>\$953,130</u>

During the years ended June 30, 2008 and 2007, 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.

Note 7 - Functional Allocation of Expenses

The cost of providing the various programs and the 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's lease agreement provides for minimum annual rental payments as follow:

<u>Year Ending June 30,</u>	
2009	\$75,000
2010	75,000
Two months ending August 31, 2010	12,500

YORKVILLE COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Note 8 - Commitments and Contingency (continued)

a - (continued)

The Organization has options to renew this lease through August 31, 2035.

During the renovation of the Organization's facility, additional space was rented on a short term basis to carry out the Organization's programs. Rent expense for the years ended June 30, 2008 and 2007 was \$79,728 and \$221,514, respectively. The Organization moved back into its permanent location from its three temporary locations in 2007. The additional rent for these temporary locations for 2007 was \$146,514.

b - The Organization leases office equipment under agreements providing for minimum annual rentals for the period July 1, 2008 through June 30, 2009 of \$7,339.

c - Government grants are subject to audit by the respective granting agencies.

Note 9 - Concentration of 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 \$100,000. The Organization also maintains a balance in a money market account backed by U.S. Government securities.

Note 10 - Benefit Income

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

	<u>2008</u>	<u>2007</u>
Gross benefit income	\$213,210	\$362,289
Less: Direct expenses	<u>(53,804)</u>	<u>(63,990)</u>
Net benefit income, before indirect expenses	159,406	298,299
Indirect expenses (includes salary of event coordinator)	<u>(44,456)</u>	<u>(71,918)</u>
Net Benefit Income	<u>\$114,950</u>	<u>\$226,381</u>

YORKVILLE COMMON PANTRY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2008 AND 2007****Note 10 - Benefit Income (continued)**

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 and another pension plan for its employees. The participating employees may contribute up to the statutory maximum. The amount of the employer's contribution is equal to a discretionary amount to be determined by the Organization each year. The Organization did not make a contribution to the plan for the years ended June 30, 2008 and 2007.