

NEW YORK COMMON PANTRY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018



LOTZ AND CARR

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, 2019 and 2018, 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, 2019 and 2018, 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.

Lutz + Carr, LLP

New York, New York
June 2, 2020

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NEW YORK COMMON PANTRY, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents (Notes 1b and 9a)	\$ 410,755	\$1,417,297
Cash and cash equivalents held for investment (Notes 1b and 9a)	365,418	63,382
Investments (Notes 1c and 4)	436,355	373,803
Unconditional promises to give (Notes 1d and 5a)		
Without donor restrictions		
With donor restrictions	1,696,505	1,461,400
Prepaid expenses and other assets	278,646	351,440
Deferred leasing costs, net of amortization of \$27,427 and \$19,947, respectively (Note 1e)	115,713	79,446
Property and equipment, at cost (net of accumulated depreciation) (Notes 1f and 6)	9,973	17,453
Security deposits	2,523,839	2,680,196
	<u>146,725</u>	<u>145,720</u>
Total Assets	<u>\$5,983,929</u>	<u>\$6,590,137</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 324,843	\$ 379,066
Commitments and Contingency (Note 8)		
Net Assets (Note 3)		
Without Donor Restrictions		
Board designated and other	2,826,602	3,055,430
Property and equipment	2,523,839	2,680,196
Total Without Donor Restrictions	<u>5,350,441</u>	<u>5,735,626</u>
With Donor Restrictions	308,645	475,445
Total Net Assets	<u>5,659,086</u>	<u>6,211,071</u>
Total Liabilities and Net Assets	<u>\$5,983,929</u>	<u>\$6,590,137</u>

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
Changes from Operations				
Support and Revenue				
Government grants (Notes 5b, 5c, 8b and 9b)				
Contributions (Note 9b)	\$ 3,782,898	\$ -	\$ 3,599,351	\$ -
Sponsors	2,492,863	232,199	2,510,008	332,283
Fundraising - benefits (Note 10)	101,858	-	123,238	-
Direct benefit expenses (Note 10)	873,016	-	948,823	-
Donated materials and facility (Note 7)	(120,956)	-	(131,190)	-
	5,279,531	-	5,222,302	-
Net assets released from restrictions	12,409,230	232,199	12,272,532	332,283
Satisfaction of time and program restrictions	342,750	(342,750)	444,515	(444,515)
Total Support and Revenue	12,751,980	(110,551)	12,717,047	(112,232)
Expenses				
Program Services				
Choice Pantry Manhattan	2,531,708	-	2,442,920	-
Choice Pantry Bronx	857,047	-	974,105	-
Help 365	922,539	-	792,827	-
Hot Meal Programs	587,628	-	589,908	-
Live Healthy!	1,254,778	-	1,233,974	-
Project Dignity	186,667	-	189,744	-
Nourish Program	5,174,669	-	4,976,473	-
Total Program Services	11,515,036	-	11,199,951	-
Supporting Services				
Management and general	787,536	-	739,000	-
Fundraising	651,666	-	652,886	-
Total Supporting Services	1,439,202	-	1,391,886	-
Total Expenses Before Depreciation	12,954,238	-	12,591,837	-
Increase (Decrease) in Net Assets from Operations Before Depreciation	(202,258)	(110,551)	125,210	(112,232)
Depreciation expense	(262,178)	-	(249,829)	-
Decrease in Net Assets from Operations	(464,436)	(110,551)	(124,619)	(112,232)
Non-Operating Activities				
Net assets released from restrictions - capital	56,249	(56,249)	74,479	(74,479)
Investment income, net of investment fees (Note 4)	23,002	-	16,474	-
Increase (Decrease) in Net Assets from Non-Operating Activities	79,251	(56,249)	90,953	(74,479)
Decrease in net assets	(385,185)	(166,800)	(33,666)	(186,711)
Net assets, beginning of year	5,735,626	475,445	5,769,292	662,156
Net Assets, End of Year	\$ 5,350,441	\$ 308,645	\$ 5,735,626	\$ 475,445

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE TOTALS FOR 2018

	Program Services										Supporting Services			2019		2018	
	Choice Pantry Manhattan	Choice Pantry Bronx	Help 365	Hot Meal Programs	Live Healthy!	Project Dignity	Nourish Program	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses	Total Expenses			
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
Food (Note 7)	\$1,927,357	\$618,629	-	\$225,686	\$ 8,099	-	\$3,241,206	\$ 6,020,977	-	-	-	\$ 6,020,977	-	\$ 5,826,703			
Toys (Note 7)	51,530	-	-	-	-	-	-	51,530	-	-	-	-	-	42,234			
Salaries	264,058	144,962	679,294	271,288	846,082	124,732	1,066,935	3,397,351	331,168	382,495	713,663	4,111,014	3,932,406				
Payroll taxes and employee benefits	45,032	24,721	115,845	46,265	144,289	21,271	181,952	578,375	56,476	65,230	121,706	701,081	745,539				
Rent	46,486	39,777	23,001	-	108,315	-	206,705	424,284	55,131	5,184	60,315	484,599	462,289				
Utilities	13,418	3,503	15,115	3,317	9,574	11,654	29,850	86,431	22,078	2,076	24,154	110,585	99,927				
Postage and delivery	1,025	-	64	-	292	-	494	1,875	3,362	3,110	6,472	8,347	8,046				
Telephone	5,140	804	9,824	-	7,359	-	18,902	42,029	9,541	4,881	14,422	56,451	59,519				
Technology	3,969	583	3,126	727	1,116	2,543	4,820	16,884	10,053	2,549	12,602	29,486	24,012				
Supplies	60,013	6,188	4,795	18,404	35,020	5,847	48,188	178,455	28,532	5,246	33,778	212,233	286,415				
Insurance	12,082	6,252	5,721	6,177	10,749	2,230	58,054	101,265	5,158	5,436	10,594	111,859	99,906				
Printing	1,761	1,367	5,214	842	5,905	1,381	12,514	28,984	4,092	19,776	23,868	52,852	49,262				
Travel	911	321	8,140	171	16,909	275	2,877	29,604	10,170	3,837	14,007	43,611	66,494				
Building/equipment rental, repairs	26,718	7,131	10,879	5,077	5,189	7,680	47,782	110,456	71,463	1,984	73,447	183,903	211,683				
Professional services	39,556	2,791	39,497	9,358	53,664	3,147	157,399	305,412	146,231	87,881	234,112	539,524	601,236				
Vehicle expenses	30,058	-	-	316	-	-	55,509	85,883	438	-	438	86,321	63,449				
Bank charges	893	-	-	-	-	-	1,994	2,887	13,536	10,874	24,410	27,297	20,126				
Advertising	-	-	180	-	811	-	199	1,190	9,250	3,354	12,604	13,794	6,950				
Indirect benefit expenses	-	-	-	-	-	-	-	-	-	43,320	43,320	43,320	44,275				
Membership dues and subscription	-	18	1,689	-	-	5,907	25,685	33,335	4,461	295	4,756	38,091	19,540				
Training	36	-	155	-	1,400	-	955	3,927	6,152	699	6,851	10,778	26,819				
Amortization	1,417	-	-	-	-	-	7,480	7,480	-	-	-	7,480	7,480				
Miscellaneous	248	-	-	-	5	-	5,169	5,422	244	3,439	3,683	9,105	7,527				
Total expenses before depreciation	2,531,708	857,047	922,539	587,528	1,254,778	186,667	5,174,669	11,515,036	787,536	651,666	1,439,202	12,954,238	12,591,837				
Depreciation	21,801	16,320	30,584	16,406	51,412	8,834	63,263	208,620	27,255	26,303	53,558	262,178	249,829				
Total Expenses, 2019	\$2,553,509	\$873,367	\$953,123	\$604,034	\$1,306,190	\$195,501	\$5,237,932	\$11,723,656	\$ 814,791	\$ 677,969	\$1,492,760	\$13,216,416	\$12,841,666				
Total Expenses, 2018	\$2,467,218	\$990,425	\$823,411	\$606,314	\$1,283,261	\$196,578	\$5,028,268	\$11,397,475	\$ 768,035	\$ 676,156	\$1,444,191	\$12,841,666					

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services						Supporting Services			Total Expenses		
	Choice Pantry Manhattan	Choice Pantry Bronx	Help 365	Hot Meal Programs	Live Healthy!	Project Dignity	Nourish Program	Total	Management and General		Fundraising	Total
Food (Note 7)	\$1,855,320	\$743,328	\$ -	\$230,661	\$ 8,079	\$ -	\$2,989,315	\$ 5,826,703	\$ -	\$ -	\$ -	\$ 5,826,703
Toys (Note 7)	42,234	-	-	-	-	-	-	42,234	-	-	-	42,234
Salaries	278,619	122,864	564,540	243,500	723,386	110,691	1,087,466	3,131,066	332,387	368,953	701,340	3,832,406
Payroll taxes and employee benefits	54,191	33,232	109,803	47,361	138,336	21,529	215,437	619,889	59,239	66,411	125,650	745,539
Rent	19,761	39,777	21,586	17,546	96,936	10,770	197,371	403,747	28,928	29,616	58,542	462,289
Utilities	12,380	608	11,441	4,644	9,489	10,832	28,185	77,579	11,741	10,607	22,348	99,927
Postage and delivery	459	35	218	1,160	446	184	73	2,575	1,899	3,572	5,471	8,046
Telephone	5,057	1,453	8,117	2,506	8,873	1,311	21,520	48,837	6,196	4,486	10,682	59,519
Technology	3,634	269	3,353	834	963	2,874	5,103	17,030	5,663	1,319	6,982	24,012
Supplies	48,457	5,845	9,718	23,386	104,474	3,045	41,870	236,795	29,185	435	29,620	266,415
Insurance	8,991	4,644	4,238	4,576	15,353	1,652	50,951	90,405	4,656	4,845	9,501	99,906
Printing	3,242	210	1,344	2,637	10,929	404	11,840	30,606	2,383	16,273	18,656	49,262
Travel	11,069	-	8,496	-	21,775	550	12,894	54,784	6,712	4,998	11,710	66,494
Building/equipment rental, repairs	31,088	14,409	13,202	4,029	3,560	13,133	93,918	173,339	36,307	2,037	38,344	211,683
Professional services	43,504	7,431	33,750	6,998	90,018	10,188	166,302	358,191	171,498	71,547	243,045	601,236
Vehicle expenses	24,049	-	-	-	-	-	39,400	63,449	-	-	-	63,449
Bank charges	-	-	-	-	-	-	662	662	8,599	10,865	19,464	20,126
Advertising	467	-	880	-	978	295	318	2,938	888	3,124	4,012	6,950
Indirect benefit expenses	-	-	-	-	-	-	-	-	-	44,275	44,275	44,275
Membership dues and subscription	-	-	1,621	70	363	2,151	2,295	6,500	6,286	6,754	13,040	19,540
Training	-	-	520	-	16	135	-	671	23,379	2,769	26,148	26,819
Amortization	-	-	-	-	-	-	7,480	7,480	-	-	-	7,480
Miscellaneous	398	-	-	-	-	-	4,073	4,471	3,056	-	3,056	7,527
Total expenses before depreciation	2,442,920	974,105	792,827	589,908	1,233,974	189,744	4,976,473	11,199,951	739,000	652,886	1,391,886	12,591,837
Depreciation	24,298	16,320	30,564	16,406	49,287	8,834	51,795	197,524	29,055	23,270	52,305	249,829
Total Expenses	\$2,467,218	\$990,425	\$823,411	\$606,314	\$1,283,261	\$198,578	\$5,028,268	\$11,397,475	\$ 768,035	\$ 676,156	\$1,444,191	\$12,841,666

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Decrease in net assets	\$ (551,985)	\$ (220,377)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Depreciation	262,178	249,829
Amortization	7,480	7,480
Net realized and unrealized gain on investments	(9,688)	(7,368)
Bad debt	248	4,377
(Increase) decrease in:		
Unconditional promises to give	(189,091)	47,060
Prepaid expenses and other assets	(36,267)	53,469
Security deposits	(1,005)	-
Decrease in accounts payable and accrued expenses	<u>(54,223)</u>	<u>(4,176)</u>
Net Cash Provided (Used) By Operating Activities	<u>(572,353)</u>	<u>130,294</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(105,821)	(74,479)
Cash received for capital improvements	26,532	63,484
Purchases of investments	(324,345)	(350,220)
Proceeds from sale of investments	<u>271,481</u>	<u>1,007,063</u>
Net Cash Provided (Used) By Investing Activities	<u>(132,153)</u>	<u>645,848</u>
Net increase (decrease) in cash and cash equivalents	(704,506)	776,142
Cash and cash equivalents, beginning of year	<u>1,480,679</u>	<u>704,537</u>
Cash and Cash Equivalents, End of Year	<u>\$ 776,173</u>	<u>\$1,480,679</u>

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2019 AND 2018****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 - 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.

c - 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 net assets without donor restrictions unless their use is 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.

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.

NEW YORK COMMON PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

d - 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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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.

e - Deferred Leasing Costs

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

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. 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.

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 - Advertising Expenses

Advertising costs are charged to operations when the advertising first takes place. Advertising expenses for 2019 and 2018 were \$13,794 and \$6,950, respectively.

NEW YORK COMMON PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

i - Financial Statement Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

j - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Expenses are applied directly to programs, where applicable, or allocated on a reasonable and consistent basis. A substantial portion of the Organization's expenses are directly related to program activities, which are made up of food and other program expenses. The expenses that are allocated include salaries and employee benefits, insurance, occupancy and office expenses which are allocated on the basis of an estimate of time and effort.

k - 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.

l - Prior Year Information

For comparability, certain 2018 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2019.

m - 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.

NEW YORK COMMON PANTRY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2019 AND 2018****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****n - Subsequent Events**

The Organization has evaluated subsequent events through June 2, 2020, the date that the financial statements are considered available to be issued.

o - New Accounting Pronouncement

In 2019, the Organization adopted Accounting Standards Update ("ASU") 2016-14, *"Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities"*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two net asset classes now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. As permitted by the ASU in the year of adoption, the Organization opted to not disclose liquidity and availability information for 2018.

Note 2 - Information Regarding Liquidity and Availability

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contribution revenue raised during the current year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover at a minimum, ninety days of general expenditures.

NEW YORK COMMON PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as June 30, 2019 and those available within one year to meet cash needs for general expenditures are summarized as follows:

Financial Assets at Year End:	
Cash and cash equivalents	\$ 410,755
Cash and cash equivalents held for investment	365,418
Investments	436,355
Unconditional promises to give	<u>1,975,151</u>
Total Financial Assets	3,187,679
Less: Amounts not Available to be Used within One Year:	
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(308,645)
Plus: Net assets with donor restrictions to be met in less than a year	280,000
Net assets without donor restrictions - board designated funds	<u>(644,888)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$2,514,146</u>

In addition to these financial assets available within one year, the Organization's board designated cash reserve could be made available at any time to meet cash needs for general expenditures at the discretion of the board.

Note 3 - Net Assets

Net assets consist of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Board designated cash reserve for operations	\$ 644,888	\$ -	\$ 644,888	\$ 644,888
Other	2,181,714	-	2,181,714	2,410,542
Property and equipment	2,523,839	-	2,523,839	2,680,196
Subject to expenditure for specific purpose	-	153,645	153,645	295,445
Subject to passage of time	<u>-</u>	<u>155,000</u>	<u>155,000</u>	<u>180,000</u>
2019 Total	<u>\$5,350,441</u>	<u>\$308,645</u>	<u>\$5,659,086</u>	
2018 Total	<u>\$5,735,626</u>	<u>\$475,445</u>		<u>\$6,211,071</u>

NEW YORK COMMON PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 4 - Investments

Investments at June 30, 2019 and 2018 are classified within Level 1 of the fair value hierarchy and consist of the following:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Equities	\$117,064	\$119,506	\$108,112	\$111,196
Equity mutual funds	100,302	103,136	100,442	103,657
Bond mutual funds	141,092	139,911	161,307	158,950
U.S. Treasury Notes	72,049	73,802	-	-
	\$430,507	\$436,355	\$369,861	\$373,803

Net investment income consists of the following:

	2019	2018
Net realized gains	\$ 7,782	\$38,554
Net unrealized gains (losses)	1,906	(31,186)
Interest and dividends	18,610	14,540
Investment fees	(5,296)	(5,434)
	\$23,002	\$16,474

Note 5 - Promises to Give

a - Unconditional promises to give are due as follows:

	2019	2018
Due within one year	\$1,946,505	\$1,756,393
Due in one to five years	30,000	60,000
	1,976,505	1,816,393
Less: Discount to present value	(1,354)	(3,553)
	\$1,975,151	\$1,812,840

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.
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Note 5 - 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, 2019 and 2018, \$1,627,307 and \$1,558,699, respectively, of costs were incurred. The remaining portion of the grant is \$646,455. The Organization received an additional grant for this program totaling \$9,955,550 for the 5 years ending September 30, 2024. The remaining and new grant funds have 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 ending 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, 2019 and 2018, \$1,176,044 and \$1,129,037, respectively, of costs were incurred and billed. The remaining portion of the grant is \$678,523. The Organization received a grant for this program of \$4,000,000 for a five-year period ending September 30, 2024. The remaining and new grant funds have 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 these grants.

Note 6 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2019</u>	<u>2018</u>
	Life of lease		
Leasehold improvements	and options	\$3,868,913	\$3,868,913
Vans	5 years	376,851	322,625
Equipment and software	5 years	<u>855,774</u>	<u>804,179</u>
		5,101,538	4,995,717
Less: Accumulated depreciation		<u>(2,577,699)</u>	<u>(2,315,521)</u>
Total		<u>\$2,523,839</u>	<u>\$2,680,196</u>

NEW YORK COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

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Note 7 - 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:

	2019	2018
Food	\$5,189,901	\$5,153,964
Toys	49,853	28,561
Pantry space	39,777	39,777
	\$5,279,531	\$5,222,302

During the years ended June 30, 2019 and 2018, 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 years ended June 30, 2019 and 2018, there were 81,045 and 73,726 volunteer hours donated to the Organization, respectively.

Note 8 - Commitments and Contingency

a - The Organization leases office and soup kitchen/food pantry space pursuant to a lease expiring in August 31, 2025 with options to renew through August 31, 2035. The annual rent for the year beginning September 1, 2020 has been established at \$298,376, the estimated fair market value. On September 1, 2021 and on every September 1st thereafter, the annual rent increases by a percentage equal to the percentage increase in the Consumer Price Index from January 1 to December 31 of the immediately prior calendar year. Rent expense was \$120,141 and \$116,827 for the years ended June 30, 2019 and 2018 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, 2019 and 2018 was \$311,809 and \$299,825, respectively.

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

<u>Year Ending June 30,</u>	
2020	\$422,176
2021	368,069
2022	298,376
2023	298,376
2024	298,376
Thereafter through August 31, 2025	348,105

NEW YORK COMMON PANTRY, INC.

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JUNE 30, 2019 AND 2018

Note 8 - Commitments and Contingency (continued)

a - (continued)

The Organization occupied 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, \$39,777 for the years ended June 30, 2019 and 2018, is included in donated materials and facility on the statement of activities (Note 7).

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 years ended June 30, 2019 and 2018, three donors accounted for approximately 48% and 49%, respectively, of public support.

Note 10 - Benefit Income

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

	<u>2019</u>	<u>2018</u>
Gross benefit income	873,016	\$948,823
Less: Direct expenses	<u>(120,956)</u>	<u>(131,190)</u>
Net Benefit Income Before Indirect Expenses	752,060	817,633
Indirect expenses	<u>(43,320)</u>	<u>(44,275)</u>
Net Benefit Income	<u>708,740</u>	<u>\$773,358</u>

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

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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. There was no contribution made during the year ended June 30, 2019. The Organization made a discretionary contribution of \$63,567 during the year ended June 30, 2018.

Note 12 - Subsequent Event

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. Management is currently evaluating the potential impact that the resulting economic uncertainties will have on the Organization's operations.