

NEW YORK COMMON PANTRY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019



LUTZ 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, 2020 and 2019, 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 from 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, 2020 and 2019, 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
July 1, 2021

NEW YORK COMMON PANTRY, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
Assets		
Cash and cash equivalents (Notes 1b and 10a)	\$ 6,361,075	\$ 410,755
Cash and cash equivalents held for investment (Notes 1b and 10a)	12,608	365,418
Investments (Notes 1c and 4)	399,111	436,355
Unconditional promises to give (Notes 1d and 5a)		
Without donor restrictions	1,403,702	1,696,505
With donor restrictions	205,000	278,646
Prepaid expenses and other assets	149,280	115,713
Deferred leasing costs, net of amortization of \$34,907 and \$27,427, respectively (Note 1e)	32,493	9,973
Property and equipment, at cost (net of accumulated depreciation) (Notes 1f and 6)	2,261,706	2,523,839
Security deposits	146,725	146,725
Total Assets	\$10,971,700	\$5,983,929
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 658,403	\$ 324,843
Loan payable - Paycheck Protection Program (Note 7)	943,230	-
Total Liabilities	1,601,633	324,843
Commitments and Contingencies (Note 9)		
Net Assets (Note 3)		
Without Donor Restrictions		
Board designated and other	6,338,361	2,826,602
Property and equipment	2,261,706	2,523,839
Total Without Donor Restrictions	8,600,067	5,350,441
With Donor Restrictions		
Total Net Assets	770,000	308,645
Total Net Assets	9,370,067	5,659,086
Total Liabilities and Net Assets	\$10,971,700	\$5,983,929

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes from Operations						
Support and Revenue						
Government grants (Notes 5b, 5c and 10b)	\$ 3,825,753	\$ -	\$ 3,825,753	\$ 3,782,898	\$ -	\$ 3,782,898
Contributions (Note 10b)	6,526,950	741,355	7,268,305	2,492,883	232,199	2,725,082
Sponsors	97,218	-	97,218	101,858	-	101,858
Fundraising - benefits (Note 11)	1,493,660	-	1,493,660	873,016	-	873,016
Direct benefit expenses (Note 11)	(163,140)	-	(163,140)	(120,956)	-	(120,956)
Donated materials and facility (Note 8)	5,193,303	-	5,193,303	5,279,531	-	5,279,531
	<u>16,973,744</u>	<u>741,355</u>	<u>17,715,099</u>	<u>12,409,230</u>	<u>232,199</u>	<u>12,641,429</u>
Net assets released from restrictions						
Satisfaction of time and program restrictions	280,000	(280,000)	-	342,750	(342,750)	-
	<u>17,253,744</u>	<u>461,355</u>	<u>17,715,099</u>	<u>12,751,980</u>	<u>(110,551)</u>	<u>12,641,429</u>
Expenses						
Program Services						
Choice Pantry Manhattan	2,790,649	-	2,790,649	2,531,708	-	2,531,708
Choice Pantry Bronx	1,021,356	-	1,021,356	857,047	-	857,047
Help 365	1,001,351	-	1,001,351	922,539	-	922,539
Hot Meal Programs	603,106	-	603,106	587,628	-	587,628
Live Healthy!	1,229,735	-	1,229,735	1,254,778	-	1,254,778
Project Dignity	214,240	-	214,240	186,667	-	186,667
Nourish Program	5,262,700	-	5,262,700	5,174,669	-	5,174,669
Total Program Services	<u>12,123,137</u>	<u>-</u>	<u>12,123,137</u>	<u>11,515,036</u>	<u>-</u>	<u>11,515,036</u>
Supporting Services						
Management and general	764,307	-	764,307	787,536	-	787,536
Fundraising	826,133	-	826,133	651,666	-	651,666
Total Supporting Services	<u>1,590,440</u>	<u>-</u>	<u>1,590,440</u>	<u>1,439,202</u>	<u>-</u>	<u>1,439,202</u>
Total Expenses Before Depreciation	<u>13,713,577</u>	<u>-</u>	<u>13,713,577</u>	<u>12,954,238</u>	<u>-</u>	<u>12,954,238</u>
Increase (Decrease) in Net Assets from Operations Before Depreciation	3,540,167	461,355	4,001,522	(202,258)	(110,551)	(312,809)
Depreciation expense	<u>(262,133)</u>	<u>-</u>	<u>(262,133)</u>	<u>(262,178)</u>	<u>-</u>	<u>(262,178)</u>
Increase (Decrease) in Net Assets from Operations	<u>3,278,034</u>	<u>461,355</u>	<u>3,739,389</u>	<u>(464,436)</u>	<u>(110,551)</u>	<u>(574,987)</u>
Non-Operating Activities						
Net assets released from restrictions - capital	-	-	-	56,249	(56,249)	-
Investment income (loss), net of investment fees (Note 4)	<u>(28,408)</u>	<u>-</u>	<u>(28,408)</u>	<u>23,002</u>	<u>-</u>	<u>23,002</u>
Increase (Decrease) in Net Assets from Non-Operating Activities	<u>(28,408)</u>	<u>-</u>	<u>(28,408)</u>	<u>79,251</u>	<u>(56,249)</u>	<u>23,002</u>
Increase (decrease) in net assets	3,249,626	461,355	3,710,981	(385,185)	(166,800)	(551,985)
Net assets, beginning of year	<u>5,350,441</u>	<u>308,645</u>	<u>5,659,086</u>	<u>5,735,626</u>	<u>475,445</u>	<u>6,211,071</u>
Net Assets, End of Year	<u>\$ 8,600,067</u>	<u>\$ 770,000</u>	<u>\$ 9,370,067</u>	<u>\$ 5,350,441</u>	<u>\$ 308,645</u>	<u>\$ 5,659,086</u>

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Program Services							Supporting Services			2020	2019	
	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
Food (Note 8)	\$2,149,129	\$ 684,278	\$ 277	\$208,332	\$ 5,026	\$ -	\$3,132,186	\$ 6,179,228	\$ -	\$ -	\$ -	\$ 6,179,228	\$ 6,020,977
Toys (Note 8)	49,753	-	-	-	-	-	-	49,753	-	-	-	49,753	51,530
Salaries	330,454	223,095	756,746	292,415	737,196	143,824	1,240,897	3,724,627	247,847	456,753	704,600	4,429,227	4,111,014
Payroll taxes and employee benefits	59,223	40,800	137,284	49,321	135,651	25,761	210,963	659,003	55,586	93,962	149,548	808,551	701,081
Rent	47,729	33,987	29,000	-	81,618	-	251,872	444,206	30,372	30,372	60,744	504,950	484,599
Utilities	14,079	4,013	16,067	3,453	10,155	12,138	33,875	93,780	22,378	1,748	24,126	117,906	110,585
Postage and delivery	17	-	122	-	125	-	590	854	3,390	1,902	5,292	6,146	8,347
Telephone	5,044	1,880	9,031	2,102	4,417	2,730	16,690	41,894	10,164	4,038	14,202	56,096	56,451
Technology	3,120	1,431	2,730	780	864	2,730	9,554	21,209	5,238	4,636	9,874	31,083	29,486
Supplies	23,631	3,396	6,539	16,784	3,559	3,741	62,259	119,909	63,066	5,392	68,458	188,367	212,233
Insurance	10,018	5,184	4,744	5,122	8,912	1,849	44,135	79,964	7,070	6,357	13,427	93,391	111,859
Printing	421	1,656	1,991	480	4,617	818	6,385	16,368	1,917	8,452	10,369	26,737	52,852
Travel	4,336	160	5,080	-	18,540	825	3,212	32,153	20,015	1,350	21,365	53,518	43,611
Building/equipment rental, repairs	26,396	14,711	8,966	5,929	6,150	6,554	61,411	130,117	64,020	840	64,860	194,977	183,903
Professional services	33,576	6,765	19,973	18,388	82,860	4,146	116,764	282,472	187,791	132,069	319,860	602,332	539,524
Vehicle expenses	33,215	-	650	-	-	-	57,241	91,106	-	-	-	91,106	86,321
Bank charges	-	-	-	-	-	-	-	-	23,519	34,927	58,446	58,446	27,297
Advertising	228	-	695	-	130,000	-	1,943	132,866	1,610	2,405	4,015	136,881	13,794
Indirect benefit expenses	-	-	-	-	-	-	-	-	-	32,497	32,497	32,497	43,320
Membership dues and subscription	-	-	1,441	-	-	9,124	4,740	15,305	4,538	3,495	8,033	23,338	38,091
Training	-	-	-	-	45	-	358	403	2,205	438	2,643	3,046	10,778
Amortization	-	-	-	-	-	-	7,480	7,480	-	-	-	7,480	7,480
Miscellaneous	280	-	15	-	-	-	145	440	13,581	4,500	18,081	18,521	9,105
Total expenses before depreciation	2,790,649	1,021,356	1,001,351	603,106	1,229,735	214,240	5,262,700	12,123,137	764,307	826,133	1,590,440	13,713,577	12,954,238
Depreciation	21,797	16,317	30,579	16,403	51,403	8,832	63,253	208,584	27,251	26,298	53,549	262,133	262,178
Total Expenses, 2020	<u>\$2,812,446</u>	<u>\$1,037,673</u>	<u>\$1,031,930</u>	<u>\$619,509</u>	<u>\$1,281,138</u>	<u>\$223,072</u>	<u>\$5,325,953</u>	<u>\$12,331,721</u>	<u>\$ 791,558</u>	<u>\$ 852,431</u>	<u>\$1,643,989</u>	<u>\$13,975,710</u>	
Total Expenses, 2019	<u>\$2,553,509</u>	<u>\$ 873,367</u>	<u>\$ 953,123</u>	<u>\$604,034</u>	<u>\$1,306,190</u>	<u>\$195,501</u>	<u>\$5,237,932</u>	<u>\$11,723,656</u>	<u>\$ 814,791</u>	<u>\$ 677,969</u>	<u>\$1,492,760</u>		<u>\$13,216,416</u>

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	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 8)	\$1,927,357	\$618,629	\$ -	\$225,686	\$ 8,099	\$ -	\$3,241,206	\$ 6,020,977	\$ -	\$ -	\$ -	\$ 6,020,977
Toys (Note 8)	51,530	-	-	-	-	-	-	51,530	-	-	-	51,530
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
Payroll taxes and employee benefits	45,032	24,721	115,845	46,265	144,289	21,271	181,952	579,375	56,476	65,230	121,706	701,081
Rent	46,486	39,777	23,001	-	108,315	-	206,705	424,284	55,131	5,184	60,315	484,599
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
Postage and delivery	1,025	-	64	-	292	-	494	1,875	3,362	3,110	6,472	8,347
Telephone	5,140	804	9,824	-	7,359	-	18,902	42,029	9,541	4,881	14,422	56,451
Technology	3,969	583	3,126	727	1,116	2,543	4,820	16,884	10,053	2,549	12,602	29,486
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
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
Printing	1,761	1,367	5,214	842	5,905	1,381	12,514	28,984	4,092	19,776	23,868	52,852
Travel	911	321	8,140	171	16,909	275	2,877	29,604	10,170	3,837	14,007	43,611
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
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
Vehicle expenses	30,058	-	-	316	-	-	55,509	85,883	438	-	438	86,321
Bank charges	893	-	-	-	-	-	1,994	2,887	13,536	10,874	24,410	27,297
Advertising	-	-	180	-	811	-	199	1,190	9,250	3,354	12,604	13,794
Indirect benefit expenses	-	-	-	-	-	-	-	-	-	43,320	43,320	43,320
Membership dues and subscription	36	18	1,689	-	-	5,907	25,685	33,335	4,461	295	4,756	38,091
Training	1,417	-	155	-	1,400	-	955	3,927	6,152	699	6,851	10,778
Amortization	-	-	-	-	-	-	7,480	7,480	-	-	-	7,480
Miscellaneous	248	-	-	-	5	-	5,169	5,422	244	3,439	3,683	9,105
Total expenses before depreciation	2,531,708	857,047	922,539	587,628	1,254,778	186,667	5,174,669	11,515,036	787,536	651,666	1,439,202	12,954,238
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
Total Expenses	<u>\$2,553,509</u>	<u>\$873,367</u>	<u>\$953,123</u>	<u>\$604,034</u>	<u>\$1,306,190</u>	<u>\$195,501</u>	<u>\$5,237,932</u>	<u>\$11,723,656</u>	<u>\$ 814,791</u>	<u>\$ 677,969</u>	<u>\$1,492,760</u>	<u>\$13,216,416</u>

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$3,710,981	\$ (551,985)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	262,133	262,178
Amortization	7,480	7,480
Net realized and unrealized (gain) loss on investments	40,615	(9,688)
Bad debt	-	248
(Increase) decrease in:		
Unconditional promises to give	366,449	(189,091)
Prepaid expenses and other assets	(33,567)	(36,267)
Deferred leasing costs	(30,000)	-
Security deposits	-	(1,005)
Increase (decrease) in accounts payable and accrued expenses	333,560	(54,223)
Net Cash Provided (Used) By Operating Activities	<u>4,657,651</u>	<u>(572,353)</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	-	(105,821)
Cash received for capital improvements	-	26,532
Purchases of investments	(464,368)	(324,345)
Proceeds from sale of investments	460,997	271,481
Net Cash Used By Investing Activities	<u>(3,371)</u>	<u>(132,153)</u>
Cash Flows From Financing Activities		
Proceeds from loan payable - Paycheck Protection Program	943,230	-
Net increase (decrease) in cash and cash equivalents	5,597,510	(704,506)
Cash and cash equivalents, beginning of year	<u>776,173</u>	<u>1,480,679</u>
Cash and Cash Equivalents, End of Year	<u><u>\$6,373,683</u></u>	<u><u>\$ 776,173</u></u>

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****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, 2020 AND 2019

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

d - Contributions and Unconditional Promises to Give

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met. The Organization records fundraising benefit revenue equal to the fair value of the direct benefit to donors, and contribution income for the excess received as refundable advances until the event takes place.

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 received. All other donor-restricted contributions are reported as increases in net assets with donor 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 2020 and 2019 were \$136,881 and \$13,794, respectively.

NEW YORK COMMON PANTRY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****i - Financial Statement Presentation**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States, 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 - 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, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****m - Subsequent Events**

The Organization has evaluated subsequent events through July 1, 2021, the date that the financial statements are considered available to be issued.

n - New Accounting Pronouncement

During 2020, the Organization adopted Accounting Standards Update (“ASU”) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves the current guidance about whether a transfer of assets is a contribution or exchange transaction. In addition, the update requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a measurable performance-related barrier that must be overcome and either a right of return of assets transferred or a right of release of a promiser’s obligation to transfer assets. The adoption of this ASU resulted in no significant changes in the way the Organization recognizes revenue.

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

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Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as June 30, 2020 and 2019, and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$6,361,075	\$ 410,755
Cash and cash equivalents held for investment	12,608	365,418
Investments	399,111	436,355
Unconditional promises to give	<u>1,608,702</u>	<u>1,975,151</u>
Total Financial Assets	8,381,496	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	(770,000)	(308,645)
Plus: Net assets with donor restrictions to be met in less than a year	770,000	280,000
Net assets without donor restrictions - board designated funds	<u>(644,888)</u>	<u>(644,888)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$7,736,608</u>	<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>2020 Total</u>	<u>2019 Total</u>
Board designated cash reserve for operations	\$ 644,888	\$ -	\$ 644,888	\$ 644,888
Other	5,693,473	-	5,693,473	2,181,714
Property and equipment	2,261,706	-	2,261,706	2,523,839
Subject to expenditure for specific purpose	-	415,000	415,000	153,645
Subject to passage of time	<u>-</u>	<u>355,000</u>	<u>355,000</u>	<u>155,000</u>
2020 Total	<u>\$8,600,067</u>	<u>\$770,000</u>	<u>\$9,370,067</u>	
2019 Total	<u>\$5,350,441</u>	<u>\$308,645</u>		<u>\$5,659,086</u>

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Note 4 - Investments

Investments at June 30, 2020 and 2019 are classified within Level 1 of the fair value hierarchy and consist of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equities	\$110,961	\$106,068	\$117,064	\$119,506
Corporate bonds	26,548	27,113	-	-
Equity mutual funds	145,083	118,360	100,302	103,136
Bond mutual funds	76,419	74,632	141,092	139,911
Government and agency securities	<u>67,274</u>	<u>72,938</u>	<u>72,049</u>	<u>73,802</u>
	<u>\$426,285</u>	<u>\$399,111</u>	<u>\$430,507</u>	<u>\$436,355</u>

Net investment income (loss) consists of the following:

	<u>2020</u>	<u>2019</u>
Net realized gains (losses)	\$ (7,593)	\$ 7,782
Net unrealized gains (losses)	(33,022)	1,906
Interest and dividends	17,567	18,610
Investment fees	<u>(5,360)</u>	<u>(5,296)</u>
	<u>\$(28,408)</u>	<u>\$23,002</u>

Note 5 - Promises to Give

a - Unconditional promises to give are due as follows:

	<u>2020</u>	<u>2019</u>
Due within one year	\$1,608,702	\$1,946,505
Due in one to five years	<u>-</u>	<u>30,000</u>
	1,608,702	1,976,505
Less: Discount to present value	<u>-</u>	<u>(1,354)</u>
	<u>\$1,608,702</u>	<u>\$1,975,151</u>

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

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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. The Organization received an additional grant for this program totaling \$9,955,550 for the five years ending September 30, 2024. During the years ended June 30, 2020 and 2019, \$1,695,848 and \$1,627,307, respectively, of costs were incurred. The remaining portion of the grant is \$8,667,777. The remaining funds have not been reflected in the accompanying financial statements since the recognition of revenue is subject to the incurrence of eligible reimbursable costs.
- 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. A new grant was received in the amount of \$4,000,000 that extends the program for five years through September 30, 2024. During the years ended June 30, 2020 and 2019, \$1,182,501 and \$1,176,044, respectively, of costs were incurred and billed. The remaining portion of the grant is \$3,460,014. The remaining grant funds have not been reflected in the accompanying financial statements since the recognition of revenue is subject to the incurrence of eligible reimbursable costs.

Note 6 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2020</u>	<u>2019</u>
	Life of lease		
Leasehold improvements	and options	\$3,868,913	\$3,868,913
Vans	5 years	376,851	376,851
Equipment and software	5 years	<u>855,774</u>	<u>855,774</u>
		5,101,538	5,101,538
Less: Accumulated depreciation		<u>(2,839,832)</u>	<u>(2,577,699)</u>
Total		<u>\$2,261,706</u>	<u>\$2,523,839</u>

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Note 7 - Loan Payable- Paycheck Protection Program

In April 2020, the Organization received a loan totaling \$943,230 under the Paycheck Protection Program, administered by the U.S. Small Business Administration. The loan has an interest rate of 1% and a maturity of 2 years. The loan and any accrued interest can be forgiven in its entirety if the Organization meets certain employee retention requirements and the funds are used for eligible expenses. Management expects the full amount of the loan to be forgiven.

Note 8 - 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>2020</u>	<u>2019</u>
Food	\$5,103,773	\$5,189,901
Toys	49,753	49,853
Pantry space	<u>39,777</u>	<u>39,777</u>
	<u>\$5,193,303</u>	<u>\$5,279,531</u>

During the years ended June 30, 2020 and 2019, 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, 2020 and 2019, there were 45,455 and 81,045 volunteer hours donated to the Organization, respectively.

Note 9 - Commitments and Contingencies

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 \$121,618 and \$120,141 for the years ended June 30, 2020 and 2019, respectively.

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Note 9 - Commitments and Contingencies (continued)

a - (continued)

During the year ended June 30, 2016, the Organization entered into two leases for program and warehouse space. The leases expire October 31, 2021. Rent expense for the years ended June 30, 2020 and 2019 was \$329,508 and \$311,809, respectively.

In May 2021, the Organization entered into a lease agreement for warehouse space. The lease commences June 1, 2021 and expires August 31, 2031. There are options to extend the lease for two five-year terms.

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

<u>Year Ending June 30,</u>	
2021	\$ 575,247
2022	760,279
2023	739,126
2024	752,349
2025	765,968
Thereafter through August 31, 2031	3,258,550

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, 2020 and 2019, is included in donated materials and facility on the statement of activities (Note 8).

- 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.
- c - In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, the Organization had to expand and/or alter some of its program activities at the direction of the state and local government authorities. While management is continuing to evaluate the potential impact that the resulting economic uncertainties will have on the Organization's operations, it believes that its current financial assets are sufficient to support the Organization's operations on a continuing basis.

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Note 10 - 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, 2020 and 2019, one and two donors accounted for approximately 27% and 48%, respectively, of public support.

Note 11 - Benefit Income

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

	<u>2020</u>	<u>2019</u>
Gross benefit income	\$1,493,660	\$873,016
Less: Direct expenses	<u>(163,140)</u>	<u>(120,956)</u>
Net Benefit Income Before Indirect Expenses	1,330,520	752,060
Indirect expenses	<u>(32,497)</u>	<u>(43,320)</u>
Net Benefit Income	<u>\$1,298,023</u>	<u>\$708,740</u>

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

Note 12 - 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 \$93,931 during the year ended June 30, 2020. There was no contribution made during the year ended June 30, 2019.