

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



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.

Opinion

We have audited the accompanying consolidated financial statements of New York Common Pantry, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New York Common Pantry, Inc. and Subsidiary as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New York Common Pantry, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New York Common Pantry, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 New York Common Pantry, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New York Common Pantry, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



New York, New York
December 6, 2022

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
Assets		
Cash and cash equivalents (Notes 1c and 10a)	\$ 8,378,725	\$ 9,843,718
Cash held for investment (Notes 1c and 10a)	112,846	121,357
Investments (Notes 1d and 4)	1,386,257	1,622,122
Unconditional promises to give (Notes 1e and 5a)		
Without donor restrictions	2,291,939	1,613,113
With donor restrictions	635,499	197,570
Prepaid expenses and other assets	211,558	163,735
Deferred leasing costs, net of amortization of \$11,000 (2022) and \$42,400 (2021), respectively (Note 1f)	19,000	25,000
Property and equipment, at cost (net of accumulated depreciation) (Notes 1g and 6)	4,078,835	2,224,590
Security deposits	300,575	299,225
Total Assets	\$17,415,234	\$16,110,430
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,225,738	\$ 912,743
Accounts payable and accrued expenses - property	640,466	-
Loan payable - Paycheck Protection Program (Note 7)	-	943,230
Total Liabilities	1,866,204	1,855,973
Commitments and Contingency (Notes 9 and 12)		
Net Assets (Note 3)		
Without Donor Restrictions		
Board designated and other	10,350,162	11,100,336
Property and equipment	3,438,369	2,224,590
Total Without Donor Restrictions	13,788,531	13,324,926
With Donor Restrictions	1,760,499	929,531
Total Net Assets	15,549,030	14,254,457
Total Liabilities and Net Assets	\$17,415,234	\$16,110,430

See notes to consolidated financial statements.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in Net Assets from Operations						
Support and Revenue						
Government grants (Notes 5b, 5c and 10b)	\$ 4,230,197	\$ 85,499	\$ 4,315,696	\$ 4,412,732	\$ 22,570	\$ 4,435,302
Contributions (Note 10b)	5,843,071	1,675,000	7,518,071	8,864,675	906,961	9,771,636
Sponsors	30,774	-	30,774	65,510	-	65,510
Fundraising - benefits (Note 11)	1,338,472	-	1,338,472	795,394	-	795,394
Direct benefit expenses (Note 11)	(199,139)	-	(199,139)	(17,928)	-	(17,928)
Donated materials and facility (Note 8)	5,207,548	-	5,207,548	5,166,819	-	5,166,819
Loan forgiveness - Paycheck Protection Program (Note 7)	943,230	-	943,230	-	-	-
Other income	5,825	-	5,825	1,384	-	1,384
	<u>17,399,978</u>	<u>1,760,499</u>	<u>19,160,477</u>	<u>19,288,586</u>	<u>929,531</u>	<u>20,218,117</u>
Net assets released from restrictions						
Satisfaction of time and program restrictions	929,531	(929,531)	-	770,000	(770,000)	-
	<u>18,329,509</u>	<u>830,968</u>	<u>19,160,477</u>	<u>20,058,586</u>	<u>159,531</u>	<u>20,218,117</u>
Expenses						
Program Services						
Choice Pantry Manhattan	2,102,214	-	2,102,214	3,165,543	-	3,165,543
Choice Pantry Bronx	1,832,766	-	1,832,766	1,074,163	-	1,074,163
Mobile Pantry	915,065	-	915,065	508,489	-	508,489
Help 365	985,747	-	985,747	1,073,888	-	1,073,888
Hot Meal Programs	404,597	-	404,597	378,515	-	378,515
Live Healthy!	875,828	-	875,828	783,390	-	783,390
Project Dignity	183,872	-	183,872	157,281	-	157,281
Nourish Program	6,982,724	-	6,982,724	5,723,142	-	5,723,142
Total Program Services	<u>14,282,813</u>	<u>-</u>	<u>14,282,813</u>	<u>12,864,411</u>	<u>-</u>	<u>12,864,411</u>
Supporting Services						
Management and general	2,009,140	-	2,009,140	1,585,127	-	1,585,127
Fundraising	1,103,622	-	1,103,622	841,266	-	841,266
Total Supporting Services	<u>3,112,762</u>	<u>-</u>	<u>3,112,762</u>	<u>2,426,393</u>	<u>-</u>	<u>2,426,393</u>
Total Expenses Before Depreciation	<u>17,395,575</u>	<u>-</u>	<u>17,395,575</u>	<u>15,290,804</u>	<u>-</u>	<u>15,290,804</u>
Increase in Net Assets from Operations Before Depreciation	933,934	830,968	1,764,902	4,767,782	159,531	4,927,313
Depreciation expense	(234,695)	-	(234,695)	(254,801)	-	(254,801)
Increase in Net Assets from Operations	<u>699,239</u>	<u>830,968</u>	<u>1,530,207</u>	<u>4,512,981</u>	<u>159,531</u>	<u>4,672,512</u>
Non-Operating Activities						
Contribution for property and equipment	-	-	-	79,505	-	79,505
Investment income (loss), net of investment fees (Note 4)	(235,634)	-	(235,634)	132,373	-	132,373
Increase (Decrease) in Net Assets from Non-Operating Activities	<u>(235,634)</u>	<u>-</u>	<u>(235,634)</u>	<u>211,878</u>	<u>-</u>	<u>211,878</u>
Increase in net assets	463,605	830,968	1,294,573	4,724,859	159,531	4,884,390
Net assets, beginning of year	<u>13,324,926</u>	<u>929,531</u>	<u>14,254,457</u>	<u>8,600,067</u>	<u>770,000</u>	<u>9,370,067</u>
Net Assets, End of Year	<u>\$13,788,531</u>	<u>\$ 1,760,499</u>	<u>\$15,549,030</u>	<u>\$13,324,926</u>	<u>\$ 929,531</u>	<u>\$14,254,457</u>

See notes to consolidated financial statements.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

	2022											2021			
	Program Services								Supporting Services					Total Expenses	Total Expenses
	Choice Pantry Manhattan	Choice Pantry Bronx	Mobile Pantry	Help 365	Hot Meal Programs	Live Healthy!	Project Dignity	Nourish Program	Total	Management and General	Fundraising	Total			
Food (Note 8)	\$1,454,658	\$1,557,856	\$602,337	\$ 3,283	\$146,225	\$ 25,167	\$ -	\$4,486,303	\$ 8,275,829	\$ -	\$ -	\$ -	\$ 8,275,829	\$ 7,596,222	
Salaries	243,892	143,537	172,250	648,436	158,362	532,192	123,373	1,219,892	3,241,934	941,625	597,849	1,539,474	4,781,408	4,263,968	
Payroll taxes and employee benefits	57,496	23,446	29,254	123,034	35,995	106,381	24,790	220,430	620,826	219,560	100,856	320,416	941,242	848,090	
Rent	63,487	53,636	40,735	89,470	25,383	120,742	16,698	585,267	995,418	85,479	58,671	144,150	1,139,568	701,915	
Utilities	9,639	4,438	6,352	21,196	5,445	11,849	4,402	53,927	117,248	28,417	12,245	40,662	157,910	105,174	
Postage and delivery	802	323	1,221	540	139	4,211	93	1,402	8,731	591	1,500	2,091	10,822	10,384	
Telephone and internet	6,322	1,423	2,417	15,305	719	10,159	980	29,050	66,375	25,290	10,415	35,705	102,080	102,312	
Technology	12,448	818	6,007	10,009	498	5,450	2,416	8,356	46,002	32,575	35,835	68,410	114,412	77,801	
Supplies	40,456	19,258	13,201	8,134	18,503	16,919	755	63,930	181,156	78,128	9,025	87,153	268,309	261,331	
Insurance	7,561	4,452	5,342	20,111	4,911	16,509	3,827	37,807	100,520	50,103	18,554	68,657	169,177	124,143	
Printing	452	151	894	739	1	7,154	151	9	9,551	4,087	16,252	20,339	29,890	28,537	
Travel	3,372	169	34	4,394	-	521	550	8,012	17,052	17,033	1,220	18,253	35,305	38,094	
Building/equipment rental, repairs	22,421	4,533	8,127	24,398	7,473	14,149	3,362	46,111	130,574	34,032	13,862	47,894	178,468	203,105	
Professional services	138,279	4,590	21,971	14,720	814	2,919	677	82,233	266,203	425,955	119,611	545,566	811,769	677,714	
Vehicle expenses	37,322	13,963	4,601	293	23	75	17	134,704	190,998	4,422	76	4,498	195,496	119,070	
Bank charges	-	-	-	-	-	-	-	-	-	19,436	21,192	40,628	40,628	54,022	
Advertising	2,239	160	-	555	91	528	-	2,363	5,936	22,154	15,516	37,670	43,606	26,225	
Indirect benefit expenses	-	-	-	-	-	-	-	-	-	-	51,445	51,445	51,445	26,994	
Membership dues and subscription	1,088	13	162	881	15	390	1,781	427	4,757	6,064	6,890	12,954	17,711	1,754	
Training	-	-	160	249	-	498	-	-	907	5,822	6,999	12,821	13,728	5,393	
Amortization	-	-	-	-	-	-	-	-	-	6,000	-	6,000	6,000	7,493	
Miscellaneous	280	-	-	-	-	15	-	2,501	2,796	2,367	5,609	7,976	10,772	11,063	
Total expenses before depreciation	2,102,214	1,832,766	915,065	985,747	404,597	875,828	183,872	6,982,724	14,282,813	2,009,140	1,103,622	3,112,762	17,395,575	15,290,804	
Depreciation	85,479	4,546	7,231	20,536	5,015	16,857	3,908	38,606	182,178	29,849	22,668	52,517	234,695	254,801	
Total Expenses, 2022	<u>\$2,187,693</u>	<u>\$1,837,312</u>	<u>\$922,296</u>	<u>\$1,006,283</u>	<u>\$409,612</u>	<u>\$892,685</u>	<u>\$187,780</u>	<u>\$7,021,330</u>	<u>\$14,464,991</u>	<u>\$ 2,038,989</u>	<u>\$ 1,126,290</u>	<u>\$3,165,279</u>	<u>\$17,630,270</u>		
Total Expenses, 2021	<u>\$3,201,495</u>	<u>\$1,080,915</u>	<u>\$508,489</u>	<u>\$1,100,642</u>	<u>\$395,841</u>	<u>\$808,590</u>	<u>\$165,027</u>	<u>\$5,826,847</u>	<u>\$13,087,846</u>	<u>\$ 1,601,230</u>	<u>\$ 856,529</u>	<u>\$2,457,759</u>		<u>\$15,545,605</u>	

See notes to consolidated financial statements.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services								Supporting Services			Total Expenses	
	Choice Pantry Manhattan	Choice Pantry Bronx	Mobile Pantry	Help 365	Hot Meal Programs	Live Healthy!	Project Dignity	Nourish Program	Total	Management and General	Fundraising		Total
Food (Note 8)	\$2,706,658	\$ 754,250	\$358,665	\$ -	\$ 62,207	\$ 33,351	\$ -	\$3,681,091	\$ 7,596,222	\$ -	\$ -	\$ -	\$ 7,596,222
Salaries	183,246	178,223	48,711	674,719	181,950	509,626	100,513	1,053,894	2,930,882	915,121	417,965	1,333,086	4,263,968
Payroll taxes and employee benefits	34,602	35,448	11,534	134,199	36,189	101,363	19,992	209,616	582,943	182,015	83,132	265,147	848,090
Rent	39,389	25,151	13,130	98,377	35,283	47,919	13,836	309,974	583,059	68,699	50,157	118,856	701,915
Utilities	9,078	4,008	3,026	22,854	8,694	2,189	3,409	24,357	77,615	15,200	12,359	27,559	105,174
Postage and delivery	1,439	212	479	641	415	604	185	2,948	6,923	387	3,074	3,461	10,384
Telephone and internet	5,494	5,976	1,831	17,284	5,541	10,231	2,173	36,217	84,747	9,688	7,877	17,565	102,312
Technology	4,061	3,043	1,354	1,833	-	12,168	1,800	3,746	28,005	23,685	26,111	49,796	77,801
Supplies	47,669	14,115	19,525	20,472	11,683	12,009	6,013	88,458	219,944	24,479	16,908	41,387	261,331
Insurance	6,134	6,673	2,045	19,301	6,188	11,425	2,427	40,442	94,635	20,712	8,796	29,508	124,143
Printing	1,548	388	516	1,536	995	1,447	445	5,954	12,829	925	14,783	15,708	28,537
Travel	2,191	26	731	11,810	-	11,798	550	2,179	29,285	8,725	84	8,809	38,094
Building/equipment rental, repairs	10,906	11,863	3,635	34,312	11,000	20,310	4,314	71,896	168,236	19,232	15,637	34,869	203,105
Professional services	91,787	32,639	30,596	34,511	15,782	4,798	1,475	112,876	324,464	246,086	107,164	353,250	677,714
Vehicle expenses	19,067	2,024	12,711	1,300	2,011	-	-	77,802	114,915	4,155	-	4,155	119,070
Bank charges	-	-	-	-	-	-	-	-	-	7,556	46,466	54,022	54,022
Advertising	1,750	-	-	-	541	-	-	594	2,885	20,383	2,957	23,340	26,225
Indirect benefit expenses	-	-	-	-	-	-	-	-	-	-	26,994	26,994	26,994
Membership dues and subscription	-	44	-	471	36	-	-	703	1,254	395	105	500	1,754
Training	-	80	-	268	-	4,100	149	248	4,845	399	149	548	5,393
Amortization	-	-	-	-	-	-	-	-	-	7,493	-	7,493	7,493
Miscellaneous	524	-	-	-	-	52	-	147	723	9,792	548	10,340	11,063
Total expenses before depreciation	3,165,543	1,074,163	508,489	1,073,888	378,515	783,390	157,281	5,723,142	12,864,411	1,585,127	841,266	2,426,393	15,290,804
Depreciation	35,952	6,752	-	26,754	17,326	25,200	7,746	103,705	223,435	16,103	15,263	31,366	254,801
Total Expenses	\$3,201,495	\$1,080,915	\$508,489	\$1,100,642	\$395,841	\$808,590	\$165,027	\$5,826,847	\$13,087,846	\$ 1,601,230	\$ 856,529	\$2,457,759	\$15,545,605

See notes to consolidated financial statements.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Increase in net assets	\$1,294,573	\$4,884,390
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	234,695	254,801
Amortization	6,000	7,493
Net realized and unrealized (gain) loss on investments	252,488	(114,527)
Contribution for capital purchase	-	(79,505)
Loan forgiveness - Paycheck Protection Program	(943,230)	-
Increase in:		
Unconditional promises to give	(1,116,755)	(201,981)
Prepaid expenses and other assets	(47,823)	(14,455)
Security deposits	(1,350)	(152,500)
Increase in:		
Accounts payable and accrued expenses	312,995	254,340
Accounts payable and accrued expenses - property	640,466	-
Net Cash Provided By Operating Activities	<u>632,059</u>	<u>4,838,056</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(2,088,940)	(217,685)
Purchases of investments	(518,133)	(1,766,186)
Proceeds from sale of investments	501,510	657,702
Net Cash Used By Investing Activities	<u>(2,105,563)</u>	<u>(1,326,169)</u>
Cash Flows From Financing Activities		
Contribution received for capital purchase	-	79,505
Net increase (decrease) in cash, cash equivalents and cash held for investment	(1,473,504)	3,591,392
Cash, cash equivalents and cash held for investment, beginning of year	<u>9,965,075</u>	<u>6,373,683</u>
Cash, Cash Equivalents and Cash Held For Investment, End of Year	<u>\$8,491,571</u>	<u>\$9,965,075</u>

See notes to consolidated financial statements.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

New York Common Pantry, Inc. (collectively with Oak Point Hub LLC, the “Organization”) 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.

Oak Point Hub LLC (the “LLC”) is a New York Limited Liability Company formed as a single member limited liability company of New York Common Pantry, Inc. The LLC was formed to acquire and hold title to real property.

b - Principles of Consolidation

The consolidated financial statements include the accounts of New York Common Pantry, Inc. and Oak Point Hub LLC. All significant intercompany transactions and accounts have been eliminated.

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 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.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2022 AND 2021****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

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.

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.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

i - Advertising Expenses

Advertising costs are charged to operations when the advertising first takes place.

j - Financial Statement Presentation

The consolidated 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.

k - 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.

l - 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.

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. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

m - Tax Status (continued)

Oak Point Hub LLC is a single member limited liability company of New York Common Pantry, Inc. As such, the LLC's activity and accounts are included in the annual information returns of New York Common Pantry, Inc.

n - Subsequent Events

The Organization has evaluated subsequent events through December 6, 2022, the date that the financial statements are considered available to be issued.

o - New Accounting Standard

For 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves transparency of contributed nonfinancial assets through enhancements to presentation and disclosure and requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques.

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. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as June 30, 2022 and 2021 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 8,378,725	\$ 9,843,718
Cash and cash equivalents held for investment	112,846	121,357
Investments	1,386,257	1,622,122
Unconditional promises to give	<u>2,927,438</u>	<u>1,810,683</u>
Total Financial Assets	12,805,266	13,397,880
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	(1,760,499)	(929,531)
Plus: Net assets with donor restrictions to be met in less than one year	1,435,499	929,531
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>\$11,835,378</u>	<u>\$12,752,992</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>2022</u>			<u>2021</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Board designated cash reserve for operations	\$ 644,888	\$ -	\$ 644,888	\$ 644,888
Other	9,705,274	-	9,705,274	10,455,448
Property and equipment	3,438,369	-	3,438,369	2,224,590
Subject to expenditure for specific purpose	-	1,510,499	1,510,499	672,570
Subject to passage of time	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>256,961</u>
2022 Total	<u>\$13,788,531</u>	<u>\$1,760,499</u>	<u>\$15,549,030</u>	
2021 Total	<u>\$13,324,926</u>	<u>\$ 929,531</u>		<u>\$14,254,457</u>

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 4 - Investments

Investments at June 30, 2022 and 2021 are classified within Level 1 of the fair value hierarchy and consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equities	\$ 622,562	\$ 566,232	\$ 609,391	\$ 662,931
Corporate bonds	248,873	239,862	80,425	80,189
Equity mutual funds	224,661	219,937	224,661	249,559
Bond mutual funds	330,621	268,631	436,988	436,749
Government and agency securities	<u>96,435</u>	<u>91,595</u>	<u>192,558</u>	<u>192,694</u>
	<u>\$1,523,152</u>	<u>\$1,386,257</u>	<u>\$1,544,023</u>	<u>\$1,622,122</u>

Net investment income (loss) consists of the following:

	<u>2022</u>	<u>2021</u>
Net realized gains (losses)	\$ (37,494)	\$ 9,254
Net unrealized gains (losses)	(214,994)	105,273
Interest and dividends	32,166	28,122
Investment fees	<u>(15,312)</u>	<u>(10,276)</u>
	<u>\$(235,634)</u>	<u>\$132,373</u>

Note 5 - Promises to Give

- a - Unconditional promises to give are due within one year. Uncollectible promises to give are expected to be insignificant.
- b - During the year ended June 30, 2020, the Organization received a grant of \$9,955,550 to improve nutrition and health services of eligible seniors in New York State over a five-year period ending September 30, 2024. During the years ended June 30, 2022 and 2021, \$1,809,207 and \$1,823,663, respectively, of costs were incurred. The remaining portion of the grant is \$5,010,527. 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.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 5 - Promises to Give (continued)

c - During the year ending June 30, 2020, the Organization received a grant of \$4,000,000 to improve nutrition education and obesity prevention activities to a targeted population over a five-year period ending September 30, 2024. During the years ended June 30, 2022 and 2021, \$610,381 and \$808,293, respectively, of costs were incurred. The remaining portion of the grant is \$2,041,340. 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>2022</u>	<u>2021</u>
	Life of lease		
Leasehold improvements	and options	\$3,868,913	\$3,868,913
Vans	5 years	580,548	575,548
Equipment and software	5 years	897,741	874,761
Construction in progress	-	<u>2,060,960</u>	<u>-</u>
		7,408,162	5,319,222
Less: Accumulated depreciation		<u>(3,329,327)</u>	<u>(3,094,632)</u>
Total		<u>\$4,078,835</u>	<u>\$2,224,590</u>

At June 30, 2022, construction in progress consists of \$2,060,960 in expenditures related to the renovation of its pantry warehouse in the Bronx. The Organization executed an option to purchase this property in October 2022 (Note 9a).

The Organization entered into a construction contract for approximately \$3,053,000, of which approximately \$1,455,000 has been completed as of June 30, 2022 and recorded as construction in progress.

Note 7 - Loan Payable - Paycheck Protection Program

In April 2020, the Organization received a \$943,230 Paycheck Protection Program loan. The full amount of the loan was forgiven in August 2021 and, accordingly, has been recognized as revenue for the year ended June 30, 2022.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 8 - Donated Materials and Facility

The Organization received donated food and satellite pantry space utilized for its food pantry programs. The value of food donated by the United States Department of Agriculture via the New York State Department of Health is based on the actual price the agency incurred to purchase. Other donated food is valued at \$1.68 per pound, calculated by averaging the value per pound used by four similar organizations in New York. Donated pantry space is valued based on management's analysis of the market rate of similar space. The total contribution per category is as follows:

	<u>2022</u>	<u>2021</u>
Food	\$5,167,771	\$5,127,042
Pantry space	<u>39,777</u>	<u>39,777</u>
	<u>\$5,207,548</u>	<u>\$5,166,819</u>

During the years ended June 30, 2022 and 2021, 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, 2022 and 2021, there were 31,000 and 23,896 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 \$323,044 and \$289,148 for the years ended June 30, 2022 and 2021, respectively.

During the year ended June 30, 2016, the Organization entered into two leases for program and warehouse space. The leases expire December 31, 2022. Rent expense for the years ended June 30, 2022 and 2021 was \$352,989 and \$355,583, respectively.

During the year ended June 30, 2021, the Organization entered into a lease agreement for program and office space. Rent payments were due beginning November 1, 2021. The lease expires October 31, 2026. Rent expense for the year ended June 30, 2022 was \$72,000.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 9 - Commitments and Contingency (continued)

a - (continued)

During the year ended June 30, 2021, the Organization entered into a lease agreement for warehouse space. Rent payments were due beginning October 1, 2021. Rent expense for the year ended June 30, 2022 was \$322,500. The terms of the lease included an option to purchase the property. The Organization exercised the purchase option and closed on the property on October 19, 2022. The purchase price of the property was \$9,000,000, and the Organization secured debt of \$7,875,000 to finance the purchase.

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

<u>Year Ending June 30,</u>	
2023	\$732,829
2024	430,264
2025	433,669
2026	173,175
2027	40,518

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, 2022 and 2021, 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.

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, 2022 and 2021, two and three donors accounted for approximately 32% and 37%, respectively, of public support.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 11 - Benefit Income

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

	<u>2022</u>	<u>2021</u>
Gross benefit income	\$1,338,472	\$795,394
Less: Direct expenses	<u>(199,139)</u>	<u>(17,928)</u>
Net Benefit Income Before Indirect Expenses	1,139,333	777,466
Indirect expenses	<u>(51,445)</u>	<u>(26,994)</u>
Net Benefit Income	<u>\$1,087,888</u>	<u>\$750,472</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 discretionary contributions during the years ending June 30, 2022 and 2021 of \$120,915 and \$117,834, respectively.