

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022



LUTZ AND GARR

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Lotz + Carr, LLP

New York, New York
December 5, 2023

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents (Notes 1c and 12a) | \$ 2,528,821 | \$ 8,378,725 |
| Cash held for investment (Notes 1c and 12a) | 126,013 | 112,846 |
| Investments (Notes 1d and 4) | 1,514,771 | 1,386,257 |
| Unconditional promises to give (Notes 1e and 5a) | | |
| Without donor restrictions | 3,603,148 | 2,291,939 |
| With donor restrictions | 952,876 | 635,499 |
| Prepaid expenses and other assets | 157,421 | 211,558 |
| Deferred leasing costs, net of amortization of \$11,000 (2022) (Note 1f) | - | 19,000 |
| Property and equipment, at cost (net of accumulated depreciation) (Notes 1g and 6) | 15,370,660 | 4,078,835 |
| Operating lease right-of-use asset (Note 1f) | 1,043,728 | - |
| Security deposits | 194,466 | 300,575 |
| Total Assets | \$25,491,904 | \$17,415,234 |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 1,093,649 | \$ 1,225,738 |
| Accounts payable and accrued expenses - property | - | 640,466 |
| Operating lease liability (Notes 1f and 10) | 1,015,209 | - |
| Mortgage note payable (Note 8) | 7,749,647 | - |
| Total Liabilities | 9,858,505 | 1,866,204 |
| Commitments and Contingencies (Notes 11 and 14) | | |
| Net Assets (Note 3) | | |
| Without Donor Restrictions | | |
| Board designated and other | 6,572,073 | 10,350,162 |
| Property and equipment | 7,621,013 | 3,438,369 |
| Total Without Donor Restrictions | 14,193,086 | 13,788,531 |
| With Donor Restrictions | 1,440,313 | 1,760,499 |
| Total Net Assets | 15,633,399 | 15,549,030 |
| Total Liabilities and Net Assets | \$25,491,904 | \$17,415,234 |

See notes to consolidated financial statements.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

| | 2023 | | | 2022 | | |
|---|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|
| | 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 11b) | \$ 5,386,586 | \$ - | \$ 5,386,586 | \$ 4,230,197 | \$ 85,499 | \$ 4,315,696 |
| Contributions (Note 12b) | 5,303,855 | 1,093,938 | 6,397,793 | 5,843,071 | 1,675,000 | 7,518,071 |
| Sponsors | 82,551 | - | 82,551 | 30,774 | - | 30,774 |
| Fundraising - benefits (Note 13) | 1,259,445 | - | 1,259,445 | 1,338,472 | - | 1,338,472 |
| Direct benefit expenses (Note 13) | (177,064) | - | (177,064) | (199,139) | - | (199,139) |
| Donated services, materials and facility (Note 9) | 7,935,092 | - | 7,935,092 | 5,207,548 | - | 5,207,548 |
| Loan forgiveness - Paycheck Protection Program (Note 7) | - | - | - | 943,230 | - | 943,230 |
| Other income | 42,791 | - | 42,791 | 5,825 | - | 5,825 |
| | <u>19,833,256</u> | <u>1,093,938</u> | <u>20,927,194</u> | <u>17,399,978</u> | <u>1,760,499</u> | <u>19,160,477</u> |
| Net assets released from restrictions | | | | | | |
| Satisfaction of time and program restrictions | <u>1,414,124</u> | <u>(1,414,124)</u> | <u>-</u> | <u>929,531</u> | <u>(929,531)</u> | <u>-</u> |
| Total Support and Revenue | <u>21,247,380</u> | <u>(320,186)</u> | <u>20,927,194</u> | <u>18,329,509</u> | <u>830,968</u> | <u>19,160,477</u> |
| Expenses | | | | | | |
| Program Services | | | | | | |
| Choice Pantry Manhattan | 2,738,996 | - | 2,738,996 | 2,102,214 | - | 2,102,214 |
| Choice Pantry Bronx | 1,226,194 | - | 1,226,194 | 1,832,766 | - | 1,832,766 |
| Mobile Pantry | 2,101,977 | - | 2,101,977 | 915,065 | - | 915,065 |
| Help 365 | 981,417 | - | 981,417 | 985,747 | - | 985,747 |
| Hot Meal Programs | 512,582 | - | 512,582 | 404,597 | - | 404,597 |
| Live Healthy! | 1,009,813 | - | 1,009,813 | 875,828 | - | 875,828 |
| Project Dignity | 203,763 | - | 203,763 | 183,872 | - | 183,872 |
| Nourish Program | 9,281,268 | - | 9,281,268 | 6,982,724 | - | 6,982,724 |
| Total Program Services | <u>18,056,010</u> | <u>-</u> | <u>18,056,010</u> | <u>14,282,813</u> | <u>-</u> | <u>14,282,813</u> |
| Supporting Services | | | | | | |
| Management and general | 1,091,321 | - | 1,091,321 | 2,009,140 | - | 2,009,140 |
| Fundraising | 1,384,667 | - | 1,384,667 | 1,103,622 | - | 1,103,622 |
| Total Supporting Services | <u>2,475,988</u> | <u>-</u> | <u>2,475,988</u> | <u>3,112,762</u> | <u>-</u> | <u>3,112,762</u> |
| Total Expenses Before Depreciation | <u>20,531,998</u> | <u>-</u> | <u>20,531,998</u> | <u>17,395,575</u> | <u>-</u> | <u>17,395,575</u> |
| Increase (Decrease) in Net Assets from Operations Before Depreciation | 715,382 | (320,186) | 395,196 | 933,934 | 830,968 | 1,764,902 |
| Depreciation expense | <u>(478,570)</u> | <u>-</u> | <u>(478,570)</u> | <u>(234,695)</u> | <u>-</u> | <u>(234,695)</u> |
| Increase (Decrease) in Net Assets from Operations | 236,812 | (320,186) | (83,374) | 699,239 | 830,968 | 1,530,207 |
| Non-Operating Activities | | | | | | |
| Investment income (loss), net of investment fees (Note 4) | <u>167,743</u> | <u>-</u> | <u>167,743</u> | <u>(235,634)</u> | <u>-</u> | <u>(235,634)</u> |
| Increase (decrease) in net assets | 404,555 | (320,186) | 84,369 | 463,605 | 830,968 | 1,294,573 |
| Net assets, beginning 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> |
| Net Assets, End of Year | <u>\$14,193,086</u> | <u>\$ 1,440,313</u> | <u>\$15,633,399</u> | <u>\$13,788,531</u> | <u>\$ 1,760,499</u> | <u>\$15,549,030</u> |

See notes to consolidated financial statements.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR 2022

| | 2023 | | | | | | | | | 2022 | | | | |
|-------------------------------------|-------------------------------|---------------------------|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|---------------------|---------------------------|---------------------|--------------------|---------------------|---------------------|
| | 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 | Total Expenses | Total Expenses |
| Food (Note 9) | \$2,059,054 | \$ 697,239 | \$1,593,829 | \$ - | \$281,612 | \$ 54,678 | \$ - | \$5,949,761 | \$10,636,173 | \$ 1,014 | \$ - | \$ 1,014 | \$10,637,187 | \$ 8,275,829 |
| Salaries | 368,662 | 321,350 | 294,982 | 617,844 | 147,933 | 610,818 | 108,056 | 1,945,002 | 4,414,647 | 240,625 | 606,825 | 847,450 | 5,262,097 | 4,781,408 |
| Payroll taxes and employee benefits | 60,622 | 53,845 | 52,767 | 136,518 | 29,505 | 109,825 | 21,252 | 417,715 | 882,049 | 144,276 | 92,302 | 236,578 | 1,118,627 | 941,242 |
| Rent | 68,361 | 51,020 | 69,159 | 102,870 | 25,064 | 90,608 | 17,258 | 328,132 | 752,472 | 79,752 | 66,931 | 146,683 | 899,155 | 1,139,568 |
| Utilities | 23,577 | 15,464 | 4,232 | 17,060 | 4,799 | 14,081 | 16,067 | 53,133 | 148,413 | 26,150 | 3,760 | 29,910 | 178,323 | 157,910 |
| Postage and delivery | 691 | 127 | 43 | 4 | 18 | 154 | 1 | 1,484 | 2,522 | 9,010 | 815 | 9,825 | 12,347 | 10,822 |
| Telephone and internet | 6,611 | 4,733 | 2,195 | 10,774 | 1,381 | 11,815 | 2,173 | 25,999 | 65,681 | 20,521 | 9,602 | 30,123 | 95,804 | 102,080 |
| Technology | 6,180 | 11,128 | 1,192 | 6,084 | 1,474 | 4,004 | 2,540 | 12,688 | 45,290 | 21,726 | 53,069 | 74,795 | 120,085 | 114,412 |
| Supplies | 37,079 | 4,502 | 38,341 | 10,262 | 4,514 | 13,042 | 3,594 | 84,300 | 195,634 | 72,157 | 5,298 | 77,455 | 273,089 | 268,309 |
| Insurance | 17,877 | 7,217 | 7,585 | 17,975 | 4,630 | 15,850 | 3,323 | 43,629 | 118,086 | 89,817 | 11,125 | 100,942 | 219,028 | 169,177 |
| Printing | 579 | 1,871 | 221 | 1,479 | 148 | 13,131 | 348 | 6,222 | 23,999 | 11,571 | 20,646 | 32,217 | 56,216 | 29,890 |
| Travel | 693 | - | 225 | 9,724 | 4 | 15,685 | 550 | 1,643 | 28,524 | 35,128 | 10,878 | 46,006 | 74,530 | 35,305 |
| Building/equipment rental, repairs | 8,576 | 12,381 | 4,865 | 17,288 | 3,819 | 27,498 | 2,548 | 50,950 | 127,925 | 38,921 | 17,480 | 56,401 | 184,326 | 178,468 |
| Professional services | 29,962 | 31,294 | 84 | 286 | 97 | 279 | 16,058 | 173,319 | 251,379 | 229,861 | 331,659 | 561,520 | 812,899 | 811,769 |
| Vehicle expenses | 31,915 | 335 | 16,085 | 1,026 | 171 | 1,641 | 112 | 101,218 | 152,503 | 877 | 355 | 1,232 | 153,735 | 195,496 |
| Bank charges | - | - | - | - | - | - | - | - | - | 12,646 | 13,981 | 26,627 | 26,627 | 40,628 |
| Advertising | - | 145 | 442 | 130 | - | 306 | 249 | 2,209 | 3,481 | 20,359 | 4,201 | 24,560 | 28,041 | 43,606 |
| Indirect benefit expenses | - | - | - | - | - | - | - | - | - | - | 108,002 | 108,002 | 108,002 | 51,445 |
| Membership dues and subscription | 2,321 | 440 | 54 | 2,652 | 10 | 422 | 4,413 | 2,319 | 12,631 | 7,394 | 8,880 | 16,274 | 28,905 | 17,711 |
| Training | - | - | - | - | - | - | - | - | - | 4,412 | - | 4,412 | 4,412 | 13,728 |
| Real estate taxes | 8,634 | 6,444 | 8,735 | 12,992 | 3,166 | 11,444 | 2,180 | 41,443 | 95,038 | 10,071 | 8,453 | 18,524 | 113,562 | - |
| Interest | 7,602 | 6,605 | 6,941 | 16,449 | 4,237 | 14,505 | 3,041 | 39,927 | 99,307 | 14,971 | 10,181 | 25,152 | 124,459 | - |
| Amortization | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,000 |
| Miscellaneous | - | 54 | - | - | - | 27 | - | 175 | 256 | 62 | 224 | 286 | 542 | 10,772 |
| Total expenses before depreciation | 2,738,996 | 1,226,194 | 2,101,977 | 981,417 | 512,582 | 1,009,813 | 203,763 | 9,281,268 | 18,056,010 | 1,091,321 | 1,384,667 | 2,475,988 | 20,531,998 | 17,395,575 |
| Depreciation | 29,230 | 25,396 | 26,690 | 63,251 | 16,292 | 55,776 | 11,692 | 153,527 | 381,854 | 57,568 | 39,148 | 96,716 | 478,570 | 234,695 |
| Total Expenses, 2023 | <u>\$2,768,226</u> | <u>\$1,251,590</u> | <u>\$2,128,667</u> | <u>\$1,044,668</u> | <u>\$528,874</u> | <u>\$1,065,589</u> | <u>\$215,455</u> | <u>\$9,434,795</u> | <u>\$18,437,864</u> | <u>\$ 1,148,889</u> | <u>\$ 1,423,815</u> | <u>\$2,572,704</u> | <u>\$21,010,568</u> | |
| 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> |

See notes to consolidated financial statements.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

| | 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 9) | \$1,454,658 | \$1,557,856 | \$602,337 | \$ 3,283 | \$146,225 | \$ 25,167 | \$ - | \$4,486,303 | \$ 8,275,829 | \$ - | \$ - | \$ - | \$ 8,275,829 |
| 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 |
| 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 |
| 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 |
| 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 |
| Postage and delivery | 802 | 323 | 1,221 | 540 | 139 | 4,211 | 93 | 1,402 | 8,731 | 591 | 1,500 | 2,091 | 10,822 |
| 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 |
| 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 |
| 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 |
| 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 |
| Printing | 452 | 151 | 894 | 739 | 1 | 7,154 | 151 | 9 | 9,551 | 4,087 | 16,252 | 20,339 | 29,890 |
| Travel | 3,372 | 169 | 34 | 4,394 | - | 521 | 550 | 8,012 | 17,052 | 17,033 | 1,220 | 18,253 | 35,305 |
| 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 |
| 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 |
| Vehicle expenses | 37,322 | 13,963 | 4,601 | 293 | 23 | 75 | 17 | 134,704 | 190,998 | 4,422 | 76 | 4,498 | 195,496 |
| Bank charges | - | - | - | - | - | - | - | - | - | 19,436 | 21,192 | 40,628 | 40,628 |
| Advertising | 2,239 | 160 | - | 555 | 91 | 528 | - | 2,363 | 5,936 | 22,154 | 15,516 | 37,670 | 43,606 |
| Indirect benefit expenses | - | - | - | - | - | - | - | - | - | - | 51,445 | 51,445 | 51,445 |
| Membership dues and subscription | 1,088 | 13 | 162 | 881 | 15 | 390 | 1,781 | 427 | 4,757 | 6,064 | 6,890 | 12,954 | 17,711 |
| Training | - | - | 160 | 249 | - | 498 | - | - | 907 | 5,822 | 6,999 | 12,821 | 13,728 |
| Amortization | - | - | - | - | - | - | - | - | - | 6,000 | - | 6,000 | 6,000 |
| Miscellaneous | 280 | - | - | - | - | 15 | - | 2,501 | 2,796 | 2,367 | 5,609 | 7,976 | 10,772 |
| 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 |
| 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 |
| Total Expenses | \$2,187,693 | \$1,837,312 | \$922,296 | \$1,006,283 | \$409,612 | \$892,685 | \$187,780 | \$7,021,330 | \$14,464,991 | \$ 2,038,989 | \$ 1,126,290 | \$3,165,279 | \$17,630,270 |

See notes to consolidated financial statements.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|--------------------|
| Cash Flows From Operating Activities | | |
| Increase in net assets | \$ 84,369 | \$1,294,573 |
| Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities: | | |
| Non-cash operating lease expense | 378,998 | - |
| Depreciation | 478,570 | 234,695 |
| Amortization | - | 6,000 |
| Net realized and unrealized (gain) loss on investments | (122,610) | 252,488 |
| Loan forgiveness - Paycheck Protection Program | - | (943,230) |
| (Increase) decrease in: | | |
| Unconditional promises to give | (1,628,586) | (1,116,755) |
| Prepaid expenses and other assets | 54,137 | (47,823) |
| Security deposits | 106,109 | (1,350) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | (132,089) | 312,995 |
| Accounts payable and accrued expenses - property | (640,466) | 640,466 |
| Operating lease liability | (388,517) | - |
| Net Cash Provided (Used) By Operating Activities | <u>(1,810,085)</u> | <u>632,059</u> |
| Cash Flows From Investing Activities | | |
| Acquisition of property and equipment | (11,770,395) | (2,088,940) |
| Purchases of investments | (375,620) | (518,133) |
| Proceeds from sale of investments | 369,716 | 501,510 |
| Net Cash Used By Investing Activities | <u>(11,776,299)</u> | <u>(2,105,563)</u> |
| Cash Flows From Financing Activities | | |
| Proceeds from mortgage note | 7,875,000 | - |
| Repayment of mortgage note | (125,353) | - |
| Net Cash Provided By Financing Activities | <u>7,749,647</u> | <u>-</u> |
| Net decrease in cash, cash equivalents and cash held for investment | (5,836,737) | (1,473,504) |
| Cash, cash equivalents and cash held for investment, beginning of year | <u>8,491,571</u> | <u>9,965,075</u> |
| Cash, Cash Equivalents and Cash Held For Investment, End of Year | <u>\$ 2,654,834</u> | <u>\$8,491,571</u> |
| Supplemental Disclosure | | |
| Interest paid | \$ 124,459 | \$ - |
| Operating lease right-of-use asset obtained in exchange for lease liability | <u>\$ 1,455,891</u> | <u>\$ -</u> |

See notes to consolidated financial statements.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 AND 2022

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 - Leases

For leases with an initial term greater than twelve months, the Organization's operating lease liability is initially recorded at the present value of the unpaid lease payments as of July 1, 2022. The Organization's operating lease right-of-use asset is initially recorded at the carrying amount of the lease liability adjusted for initial direct costs, accruals, prepayments and lease incentives, if any. Operating lease cost is recognized on a straight-line basis over the 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.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

h - Donated Services

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

i - Advertising Expenses

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

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 consolidated 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.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

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.

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 5, 2023, the date that the financial statements are considered available to be issued.

o - New Accounting Standard

During 2023, the Organization adopted ASU 2016-02, *Leases ("Topic 842")*. The core principles of ASU 2016-02 (the "ASU") change the way organizations account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. As such, results for 2023 are presented under Topic 842, while results for 2022 continue to be reported in accordance with historical accounting practices. The adoption of Topic 842 did not have a significant impact on the Organization's net assets as of July 1, 2022.

As part of the adoption of the ASU, the Organization elected to apply the modified retrospective transition approach as of the date of initial application without restating comparative period financial statements, to use a risk-free rate, equal to the five-year Treasury Bill rate for the discount of the operating lease and to apply the practical expedients which allows the Organization to not reassess (i) whether any expired or existing contracts are leases or contain leases (ii) the lease classification for any expired or existing leases (iii) initial direct costs for any existing leases.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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.

The Organization's financial assets as June 30, 2023 and 2022 available to meet cash needs for general expenditures within one year are summarized as follows:

| | <u>2023</u> | <u>2022</u> |
|---|--------------------|---------------------|
| Financial Assets at Year End: | | |
| Cash and cash equivalents | \$ 2,528,821 | \$ 8,378,725 |
| Cash and cash equivalents held for investment | 126,013 | 112,846 |
| Investments | 1,514,771 | 1,386,257 |
| Unconditional promises to give | <u>4,556,024</u> | <u>2,927,438</u> |
| Total Financial Assets | 8,725,629 | 12,805,266 |
| 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 | (1,440,313) | (1,760,499) |
| Plus: Net assets with donor restrictions to be met in less than one year | 940,479 | 1,435,499 |
| 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>\$7,580,907</u> | <u>\$11,835,378</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.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 3 - Net Assets

Net assets consist of the following:

| | 2023 | | 2022 | |
|---|----------------------------------|-------------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| Board designated cash reserve for operations | \$ 644,888 | \$ - | \$ 644,888 | \$ 644,888 |
| Other | 5,927,185 | - | 5,927,185 | 9,705,274 |
| Property and equipment | 7,621,013 | - | 7,621,013 | 3,438,369 |
| Subject to expenditure for specific purpose | - | 1,440,313 | 1,440,313 | 1,510,499 |
| Subject to passage of time | - | - | - | 250,000 |
| | | | | |
| 2023 Total | <u>\$14,193,086</u> | <u>\$1,440,313</u> | <u>\$15,633,399</u> | |
| 2022 Total | | <u>\$1,760,499</u> | | <u>\$15,549,030</u> |

Note 4 - Investments

Investments at June 30, 2023 and 2022 are classified within Level 1 of the fair value hierarchy and consist of the following:

| | 2023 | | 2022 | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Equities | \$ 579,805 | \$ 649,116 | \$ 622,562 | \$ 566,232 |
| Corporate bonds | 254,054 | 243,992 | 248,873 | 239,862 |
| Equity mutual funds | 224,662 | 258,432 | 224,661 | 219,937 |
| Bond mutual funds | 329,156 | 276,510 | 330,621 | 268,631 |
| Government and agency securities | 90,568 | 86,721 | 96,435 | 91,595 |
| | | | | |
| | <u>\$1,478,245</u> | <u>\$1,514,771</u> | <u>\$1,523,152</u> | <u>\$1,386,257</u> |

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 4 - Investments (continued)

Net investment income (loss) consists of the following:

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|------------------|--------------------|
| Net realized losses | \$ (50,811) | \$ (37,494) |
| Net unrealized gains (losses) | 173,421 | (214,994) |
| Interest and dividends | 58,272 | 32,166 |
| Investment fees | <u>(13,139)</u> | <u>(15,312)</u> |
| | <u>\$167,743</u> | <u>\$(235,634)</u> |

Note 5 - Promises to Give

a - Unconditional promises to give at June 30 are due as follows:

| | <u>2023</u> | <u>2022</u> |
|---------------------------|--------------------|--------------------|
| Due in one year | \$4,056,190 | \$2,927,438 |
| Due in one to five years | <u>573,333</u> | <u>-</u> |
| | 4,629,523 | 2,927,438 |
| Discount to present value | <u>(73,499)</u> | <u>-</u> |
| | <u>\$4,556,024</u> | <u>\$2,927,438</u> |

Unconditional promises to give due after one year are discounted to net present value using a rate of 3.94%. Uncollectible promises to give are expected to be insignificant.

b - The Organization has entered into grants with federal agencies for various programs over multiple years. The total obligated funds under these grants is \$16,001,845. As of June 30, 2023, \$10,148,862 of costs were incurred on these grants. The remaining funds totaling \$5,852,983 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, 2023 AND 2022

Note 6 - Property and Equipment

Property and equipment consist of the following:

| | <u>Life</u> | <u>2023</u> | <u>2022</u> |
|--------------------------------|---------------|---------------------|--------------------|
| Building | 39 years | \$ 9,110,014 | \$ - |
| Building improvements | 29 years | 4,392,937 | - |
| | Life of lease | | |
| Leasehold improvements | and options | 3,868,913 | 3,868,913 |
| Vans | 5 years | 651,740 | 580,548 |
| Equipment and software | 5 years | 944,953 | 897,741 |
| Construction in progress | - | - | <u>2,060,960</u> |
| | | <u>18,968,557</u> | <u>7,408,162</u> |
| Less: Accumulated depreciation | | <u>(3,807,897)</u> | <u>(3,329,327)</u> |
| | | 15,160,660 | 4,078,835 |
| Land | | <u>210,000</u> | <u>-</u> |
| Total | | <u>\$15,370,660</u> | <u>\$4,078,835</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 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.

Note 8 - Mortgage Note Payable

On October 19, 2022, the Organization entered into a Master Loan Agreement with First Republic Bank ("First Republic") and Build NYC Resource Corporation ("Build NYC"), a local development corporation, to secure financing for the property located at Oak Point Avenue. Under the terms of the Master Loan Agreement, Build NYC obtained loan proceeds through an Issuer Promissory Note with First Republic, with the intention to lend the proceeds of the note to Oak Point Hub LLC, through a separate Borrower Promissory Note between the two organizations. Build NYC assigned the payments due under the Borrower Promissory Note to First Republic to satisfy Build NYC's obligations under the Issuer Promissory Note. The loan is secured through a mortgage on the Oak Point Avenue property. New York Common Pantry has entered into a Guaranty Agreement with First Republic as additional inducement to execute the Master Loan Agreement.

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 8 - Mortgage Note Payable (continued)

The principal sum of the loan is \$7,875,000 and the maturity date is October 1, 2052. The loan is payable in monthly principal and interest installments of \$31,226 through the maturity date. The interest rate is a fixed rate of 2.50% per annum.

The future scheduled principal installments are as follows:

| <u>Year Ending June 30,</u> | |
|-------------------------------------|--------------------|
| 2024 | \$ 179,893 |
| 2025 | 185,039 |
| 2026 | 189,784 |
| 2027 | 194,651 |
| 2028 | 199,163 |
| Thereafter, through October 1, 2052 | <u>6,801,117</u> |
| | <u>\$7,749,647</u> |

Interest expense totaled \$124,459 for the year ended June 30, 2023.

Note 9 - Donated Services, 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 Organization also received donated legal services during the year ended June 30, 2023 in connection with the purchase of a building. The total contribution per category is as follows:

| | <u>2023</u> | <u>2022</u> |
|----------------|--------------------|--------------------|
| Food | \$7,885,280 | \$5,167,771 |
| Pantry space | 39,777 | 39,777 |
| Legal services | <u>10,035</u> | <u>-</u> |
| | <u>\$7,935,092</u> | <u>\$5,207,548</u> |

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 9 - Donated Services, Materials and Facility (continued)

During the years ended June 30, 2023 and 2022, 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, 2023 and 2022, there were 31,186 and 31,000 volunteer hours donated to the Organization, respectively.

Note 10 - Operating Lease Liability

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.

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.

Operating lease costs for the year ended June 30, 2023 totaled \$437,525. There were no variable lease costs incurred. As of June 30, 2023, the remaining term of the Organization's operating leases is forty months, and the discount rate is 2.88%.

Maturities of the Organization's lease liability as of June 30, 2023 are as follows:

| | |
|---------------------------------------|---------------------------|
| <u>Year Ending June 30,</u> | |
| 2024 | \$ 430,265 |
| 2025 | 433,669 |
| 2026 | 150,010 |
| Through October 31, 2026 | <u>40,518</u> |
| | 1,054,462 |
| Less: Amount attributable to interest | <u>(39,253)</u> |
| | <u><u>\$1,015,209</u></u> |

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 11 - Commitments and Contingencies

- a - 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, 2023 and 2022, is included in donated materials and facility on the statement of activities (Note 9).
- 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 12 - 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, 2023 and 2022, one donor and two donors accounted for approximately 28% and 32%, respectively, of public support.

Note 13 - Benefit Income

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

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|--------------------|
| Gross benefit income | \$1,259,445 | \$1,338,472 |
| Less: Direct expenses | <u>(177,064)</u> | <u>(199,139)</u> |
| Net Benefit Income Before Indirect Expenses | 1,082,381 | 1,139,333 |
| Indirect expenses | <u>(108,002)</u> | <u>(51,445)</u> |
| Net Benefit Income | <u>\$ 974,379</u> | <u>\$1,087,888</u> |

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

NEW YORK COMMON PANTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 14 - 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, 2023 and 2022 of \$89,560 and \$120,915, respectively.