

NEW YORK COMMON PANTRY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015



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, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York Common Pantry, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
December 6, 2016

NEW YORK COMMON PANTRY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents (Notes 1c and 9)	\$1,279,830	\$1,595,852
Cash and cash equivalents held for investment (Notes 1c and 9)	23,995	51,329
Investments (Notes 1d and 3)	951,766	918,359
Unconditional promises to give (Notes 1e and 4)		
Unrestricted	869,217	420,609
Restricted to future programs and periods	601,493	64,067
Prepaid expenses and other assets	136,765	75,372
Deferred leasing costs, net of amortization of \$4,987 (Note 1f)	32,413	-
Property and equipment, at cost (net of accumulated depreciation) (Notes 1g and 5)	2,815,982	2,785,091
Security deposits	<u>145,720</u>	<u>6,220</u>
Total Assets	<u><u>\$6,857,181</u></u>	<u><u>\$5,916,899</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 246,098</u>	<u>\$ 219,614</u>
Commitments and Contingencies (Note 8)		
Net Assets (Note 2)		
Unrestricted		
Board designated and other	2,758,682	2,535,569
Property and equipment	2,815,982	2,785,091
Total Unrestricted	<u>5,574,664</u>	<u>5,320,660</u>
Temporarily restricted	1,036,419	376,625
Total Net Assets	<u><u>6,611,083</u></u>	<u><u>5,697,285</u></u>
Total Liabilities and Net Assets	<u><u>\$6,857,181</u></u>	<u><u>\$5,916,899</u></u>

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2016 AND 2015

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	2016		2015	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Changes from Operations				
Support and Revenue				
Government grants	\$ 2,136,750	\$ -	\$ 891,181	\$ -
Contributions	2,126,368	1,036,419	1,837,532	272,734
Sponsors	91,816	-	111,197	-
Fundraising - benefits (Note 10)	768,879	-	707,987	-
Direct benefit expenses (Note 10)	(87,009)	-	(97,453)	-
Donated materials (Note 6)	2,433,085	-	1,228,716	-
Miscellaneous	1,901	-	3,675	-
	<u>7,471,790</u>	<u>1,036,419</u>	<u>4,682,835</u>	<u>272,734</u>
Net assets released from restrictions				
Satisfaction of time and program restrictions	272,734	(272,734)	341,416	(341,416)
	<u>7,744,524</u>	<u>763,685</u>	<u>5,024,251</u>	<u>(68,682)</u>
Total Support and Revenue		8,508,209		4,955,569
Expenses				
Program Services				
Choice Pantry	2,551,251	-	2,156,972	-
Help 365	410,692	-	474,239	-
Hot Meal Programs	327,184	-	318,407	-
Live Healthy!	819,676	-	849,143	-
Project Dignity	133,715	-	151,277	-
Nourish Program	2,452,553	-	-	-
Total Program Services	<u>6,695,071</u>	<u>-</u>	<u>3,960,038</u>	<u>-</u>
Supporting Services				
Management and general	523,940	-	430,019	-
Fundraising	394,104	-	350,846	-
Total Supporting Services	<u>918,044</u>	<u>-</u>	<u>780,865</u>	<u>-</u>
Total Expenses Before Depreciation	7,613,115	-	4,730,903	-
Increase (Decrease) in Net Assets from Operations Before Depreciation	131,409	763,685	293,348	(68,682)
Depreciation Expense	(19,975)	-	(210,067)	-
Increase (Decrease) in Net Assets from Operations	(88,566)	763,685	83,281	(68,682)
Non-Operating Activities				
Contributions for property and equipment	218,286	-	64,316	-
Net assets released from restrictions - capital	103,891	(103,891)	28,028	(28,028)
Interest and dividends	35,503	-	40,287	-
Net realized and unrealized losses on investments (Note 3)	(15,110)	-	(74,546)	-
	<u>342,570</u>	<u>(103,891)</u>	<u>58,085</u>	<u>(28,028)</u>
Increase (Decrease) in Net Assets from Non-Operating Activities	342,570	(103,891)	58,085	(28,028)
Increase (decrease) in net assets	254,004	659,794	141,368	(96,710)
Net assets, beginning of year	5,320,660	376,625	5,179,294	473,335
Net Assets, End of Year	\$ 5,574,664	\$ 1,036,419	\$ 5,320,660	\$ 376,625
				\$ 5,697,285

See notes to financial statements.

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

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	Choice Pantry	Program Services			Project Dignity	Supporting Services			Total Expenses
		Help 365	Hot Meal Programs	Live Healthy!		Management and General	Fundraising	Total	
Food (Note 6)	\$1,687,720	\$ 53,760	\$ 39,045	\$ 2,099	\$ -	\$ 4,779	\$ 500	\$ 5,279	\$1,787,903
Toys (Note 6)	54,768	-	-	-	-	-	-	-	54,768
Salaries	233,208	267,001	174,127	535,386	98,942	218,135	152,069	370,204	1,678,868
Payroll taxes and employee benefits	47,100	53,924	35,167	108,128	19,983	44,056	30,712	74,768	339,070
Rent	15,150	17,345	11,312	34,780	6,428	14,171	9,879	24,050	109,065
Utilities	8,505	9,738	6,351	19,526	3,609	7,956	5,546	13,502	61,231
Postage and delivery	1,477	1,691	1,103	3,391	627	1,363	963	2,346	10,635
Telephone	3,541	4,054	2,644	8,129	1,502	3,312	2,309	5,621	25,491
Supplies	38,035	3,769	19,902	18,401	1,511	15,645	1,678	17,323	98,941
Insurance	9,817	11,239	7,330	22,537	4,165	9,182	6,401	15,583	70,671
Printing	2,985	3,418	2,229	6,854	1,266	2,792	18,651	21,443	38,195
Travel	1,670	2,908	796	24,007	852	5,065	2,072	7,137	37,370
Building/equipment rental, repairs	15,911	18,216	11,880	36,527	6,750	14,882	10,375	25,257	114,541
Miscellaneous	2,905	1,798	1,172	3,614	667	2,161	1,192	3,353	13,509
Professional services	25,588	21,731	2,931	20,446	1,977	65,466	54,871	120,337	193,010
Vehicle expenses	8,181	1,678	1,095	3,366	622	1,371	956	2,327	17,269
Bank charges	-	-	-	-	-	11,203	11,904	23,107	23,107
Advertising	50	180	1,115	785	-	2,262	1,191	3,453	5,583
Indirect benefit expenses	-	-	-	-	-	-	37,469	37,469	37,469
Membership dues and subscription	286	1,714	208	784	2,226	5,823	193	6,016	11,234
Training	75	75	-	383	150	375	1,915	2,290	2,973
Total expenses before depreciation	2,155,972	474,239	318,407	849,143	151,277	430,019	350,846	780,865	4,730,903
Depreciation	29,180	33,408	21,788	66,990	12,380	27,294	19,027	46,321	210,067
Total Expenses	\$2,185,152	\$507,647	\$340,195	\$916,133	\$163,657	\$ 457,313	\$ 369,873	\$827,186	\$4,940,970

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows From Operating Activities		
Increase in net assets	\$ 913,798	\$ 44,656
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation	219,975	210,067
Amortization	4,987	-
Donated stock	(222,129)	(134,987)
Net realized and unrealized loss on investments	15,110	74,546
Contributions for property and equipment	(218,286)	(64,316)
(Increase) decrease in:		
Unconditional promises to give	(936,494)	(248,869)
Prepaid expenses and other assets	(61,393)	(11,183)
Deferred leasing costs	(37,400)	-
Security deposits	(139,500)	-
Increase in accounts payable and accrued expenses	26,484	33,317
Net Cash Used By Operating Activities	<u>(434,848)</u>	<u>(96,769)</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(250,866)	(82,769)
Cash received for capital improvements	168,746	64,316
Purchases of investments	(575,794)	(913,557)
Proceeds from sale of investments	749,406	1,037,591
Net Cash Provided By Investing Activities	<u>91,492</u>	<u>105,581</u>
Net increase (decrease) in cash and cash equivalents	(343,356)	8,812
Cash and cash equivalents, beginning of year	<u>1,647,181</u>	<u>1,638,369</u>
Cash and Cash Equivalents, End of Year	<u><u>\$1,303,825</u></u>	<u><u>\$1,647,181</u></u>

See notes to financial statements.

NEW YORK COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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 - Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

c - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term highly liquid investments, such as money market funds, except for cash held for investment, to be cash equivalents.

d - Investments

The Organization reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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

d - Investments (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

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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.

i - Advertising Expenses

Advertising costs are charged to operations when the advertising first takes place. Advertising expenses for 2016 and 2015 were \$17,593 and \$5,583, respectively.

NEW YORK COMMON PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

j - 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.

k - 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.

l - Subsequent Events

The Organization has evaluated subsequent events through December 6, 2016, the date that the financial statements are considered available to be issued.

Note 2 - Net Assets

Net assets consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Board designated cash reserve for operations	\$ 644,888	\$ -	\$ 644,888	\$ 540,997
Other	2,113,794	-	2,113,794	1,994,572
Property and equipment	2,815,982	-	2,815,982	2,888,982
Future programs and periods	<u>-</u>	<u>1,036,419</u>	<u>1,036,419</u>	<u>272,734</u>
2016 Total	<u>\$5,574,664</u>	<u>\$1,036,419</u>	<u>\$6,611,083</u>	
2015 Total	<u>\$5,320,660</u>	<u>\$ 376,625</u>		<u>\$5,697,285</u>

NEW YORK COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 3 - Investments

Investments at June 30, 2016 and 2015 are classified within Level 1 of the fair value hierarchy and consist of the following:

	<u>2016</u>		<u>2015</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities	\$390,206	\$380,903	\$378,780	\$406,732
Equity mutual funds	84,895	88,682	73,147	67,110
Bond mutual funds	398,671	401,028	313,327	313,328
All asset mutual fund	<u>77,994</u>	<u>80,816</u>	<u>153,105</u>	<u>158,506</u>
	<u>\$951,766</u>	<u>\$951,429</u>	<u>\$918,359</u>	<u>\$945,676</u>

Net realized and unrealized gains (losses) consist of the following:

	<u>2016</u>	<u>2015</u>
Net realized gain (loss)	\$(42,764)	\$ 68,830
Net unrealized gain (loss)	<u>27,654</u>	<u>(143,376)</u>
	<u>\$(15,110)</u>	<u>\$ (74,546)</u>

Note 4 - 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 ending 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. As of June 30, 2016, \$645,813 of costs were incurred of which \$21,716 was included in contributions for property and equipment. The remaining portion of the grant, \$5,484,280, has not been reflected in the accompanying financial statements since there are uncertainties regarding the actual amount of the revenue and expenses that will be billed under this grant.

NEW YORK COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 4 - Promises to Give (continued)

- c - During the year ended June 30, 2015, the Organization received a grant of \$5,241,950 to provide nutrition education and obesity prevention activities to a targeted population over a five year period ending September 30, 2019. As of June 30, 2016 and 2015, \$880,508 and \$347,270, respectively, of costs were incurred and billed. The remaining portion of the grant, \$4,014,172, has not been reflected in the accompanying financial statements since there are uncertainties regarding the actual amount of the revenue and expenses that will be billed under this grant.

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2016</u>	<u>2015</u>
Leasehold improvements	Life of lease and options	\$3,698,336	\$3,683,222
Vans	5 years	191,299	-
Equipment	5 years	<u>758,918</u>	<u>714,465</u>
		4,648,553	4,397,687
Less: Accumulated depreciation		<u>(1,832,571)</u>	<u>(1,612,596)</u>
Total		<u>\$2,815,982</u>	<u>\$2,785,091</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$219,975 and \$210,067, respectively.

Note 6 - Donated Materials

The Organization received donated materials 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>2016</u>	<u>2015</u>
Food	\$2,353,824	\$1,168,547
Toys	66,296	54,768
Other	<u>12,965</u>	<u>5,401</u>
	<u>\$2,433,085</u>	<u>\$1,228,716</u>

NEW YORK COMMON PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Note 6 - Donated Materials (continued)

During the years ended June 30, 2016 and 2015, 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 year ended June 30, 2016, there were 48,236 volunteer hours donated to the Organization.

Note 7 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 8 - Commitments and Contingency

- a - The Organization leases office and soup kitchen/food pantry space pursuant to a lease with options to renew through August 31, 2035. Rent expense for the years ended June 30, 2016 and 2015 was \$106,693 and \$109,065, respectively.

During the year ended June 30, 2016, the Organization entered into two leases for program and warehouse space. The leases are for five years ending October 31, 2020. Rent expense for the year ended June 30, 2016 was \$175,250.

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

<u>Year Ending June 30,</u>	
2017	\$379,076
2018	386,975
2019	394,881
2020	403,009
2021	198,589

- 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 - During the year ended June 30, 2016, one donor accounted for approximately 13% of public support.

NEW YORK COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 9 - Concentration of Credit Risk

The Organization maintains cash accounts in financial institutions in New York City. Certain balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization also maintains a balance in a money market account backed by U.S. Government securities.

Note 10 - Benefit Income

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

	<u>2016</u>	<u>2015</u>
Gross benefit income	\$768,879	\$707,987
Less: Direct expenses	<u>(87,009)</u>	<u>(97,453)</u>
Net Benefit Income Before Indirect Expenses	681,870	610,534
Indirect expenses	<u>(27,748)</u>	<u>(37,469)</u>
Net Benefit Income	<u>\$654,122</u>	<u>\$573,065</u>

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

Note 11 - Retirement Plan

The Organization maintains a tax deferred annuity 403(b) plan 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 \$48,663 and \$28,958 in the years ended June 30, 2016 and 2015, respectively.