

YORKVILLE COMMON PANTRY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Yorkville Common Pantry, Inc.

We have audited the accompanying statements of financial position of Yorkville Common Pantry, Inc. (a not-for-profit corporation) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yorkville Common Pantry, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
January 26, 2010

YORKVILLE COMMON PANTRY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	2009	2008
Assets		
Cash and cash equivalents (Notes 1c and 9)	\$ 848,503	\$ 708,690
Cash and cash equivalents held for investment (Notes 1c and 9)	17,036	17,632
Investments (Notes 1d and 3)	523,961	728,654
Unconditional promises to give (Notes 1e and 4)		
Unrestricted	55,958	187,818
Restricted to future programs and periods	-	100,000
Restricted for building renovation and maintenance	64,840	186,233
Prepaid expenses and other assets	76,199	55,042
Property and equipment, at cost (net of accumulated depreciation) (Notes 1f and 5)	3,575,473	3,667,368
Security deposits	6,220	6,220
Total Assets	\$5,168,190	\$5,657,657
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 94,565	\$ 119,624
Commitments and Contingency (Notes 8 and 11)		
Net Assets (Note 2)		
Unrestricted	4,473,964	4,929,331
Temporarily restricted	599,661	608,702
Total Net Assets	5,073,625	5,538,033
Total Liabilities and Net Assets	\$5,168,190	\$5,657,657

See notes to financial statements.

YORKVILLE COMMON PANTRY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2009 AND 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes From Operations						
Support and Revenue						
Government grants	\$ 324,666	\$ -	\$ 324,666	\$ 296,808	\$ 3,799	\$ 300,607
Contributions	1,074,427	233,390	1,307,817	1,755,987	262,844	2,018,831
Sponsors	138,730	-	138,730	145,999	-	145,999
Fundraising - benefits (Note 10)	353,525	-	353,525	213,210	-	213,210
Direct benefit expenses (Note 10)	(54,353)	-	(54,353)	(53,804)	-	(53,804)
Donated services and materials (Notes 1g and 6)	1,283,562	-	1,283,562	1,123,606	-	1,123,606
Miscellaneous	16,005	-	16,005	6,562	-	6,562
	<u>3,136,562</u>	<u>233,390</u>	<u>3,369,952</u>	<u>3,488,368</u>	<u>266,643</u>	<u>3,755,011</u>
Net assets released from restrictions						
Satisfaction of time and program restrictions	207,755	(207,755)	-	150,729	(150,729)	-
	<u>3,344,317</u>	<u>25,635</u>	<u>3,369,952</u>	<u>3,639,097</u>	<u>115,914</u>	<u>3,755,011</u>
Expenses						
Program Services Before Depreciation						
Project Dignity	166,183	-	166,183	243,986	-	243,986
Meal Programs	311,424	-	311,424	276,867	-	276,867
Pantry Programs	2,079,544	-	2,079,544	1,846,813	-	1,846,813
24/7 @ YCP	312,767	-	312,767	248,189	-	248,189
Total Program Services	<u>2,869,918</u>	<u>-</u>	<u>2,869,918</u>	<u>2,615,855</u>	<u>-</u>	<u>2,615,855</u>
Supporting Services Before Depreciation						
Management and general	442,934	-	442,934	415,524	-	415,524
Fundraising	146,280	-	146,280	325,104	-	325,104
Total Supporting Services	<u>589,214</u>	<u>-</u>	<u>589,214</u>	<u>740,628</u>	<u>-</u>	<u>740,628</u>
Total Expenses Before Depreciation	<u>3,459,132</u>	<u>-</u>	<u>3,459,132</u>	<u>3,356,483</u>	<u>-</u>	<u>3,356,483</u>
Increase (Decrease) in Net Assets from Operations Before Depreciation	(114,815)	25,635	(89,180)	282,614	115,914	398,528
Depreciation Expense	<u>(186,004)</u>	<u>-</u>	<u>(186,004)</u>	<u>(171,555)</u>	<u>-</u>	<u>(171,555)</u>
Increase (Decrease) in Net Assets from Operations	<u>(300,819)</u>	<u>25,635</u>	<u>(275,184)</u>	<u>111,059</u>	<u>115,914</u>	<u>226,973</u>
Non-Operating Activities						
Contributions for capital improvements	-	9,036	9,036	152,568	308,951	461,519
Net assets released from restrictions - capital improvements	41,712	(41,712)	-	47,501	(47,501)	-
Interest and dividends	22,557	-	22,557	35,941	-	35,941
Net realized and unrealized losses (Note 3)	<u>(220,817)</u>	<u>-</u>	<u>(220,817)</u>	<u>(66,285)</u>	<u>-</u>	<u>(66,285)</u>
Increase (Decrease) in Net Assets from Non-Operating Activities	<u>(156,548)</u>	<u>(32,676)</u>	<u>(189,224)</u>	<u>169,725</u>	<u>261,450</u>	<u>431,175</u>
Increase (decrease) in net assets	(457,367)	(7,041)	(464,408)	280,784	377,364	658,148
Net assets, beginning of year	<u>4,931,331</u>	<u>606,702</u>	<u>5,538,033</u>	<u>4,650,547</u>	<u>229,338</u>	<u>4,879,885</u>
Net Assets, End of Year	<u>\$4,473,964</u>	<u>\$ 599,661</u>	<u>\$5,073,625</u>	<u>\$4,931,331</u>	<u>\$ 606,702</u>	<u>\$5,538,033</u>

See notes to financial statements.

YORKVILLE COMMON PANTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2009

	Program Services				Supporting Services			Total	
	Project Dignity	Meal Program	Pantry Programs	24/7 @ YCP	Total	Management and General	Fundraising		Total
Food (Note 6)	\$ -	\$ 44,695	\$1,685,972	\$ 18,625	\$1,749,292	\$ -	\$ -	\$ -	\$1,749,292
Toys and gift cards (Note 6)	-	-	39,384	-	39,384	-	-	-	39,384
Salaries	102,450	159,044	212,748	187,135	661,377	147,477	58,661	206,138	867,515
Payroll taxes and employee benefits	26,821	41,017	54,869	48,264	170,971	38,034	15,129	53,163	224,134
Rent	8,857	13,750	18,393	16,179	57,179	18,237	5,071	23,308	80,487
Utilities	11,418	17,726	23,711	20,857	73,712	16,437	6,538	22,975	96,687
Postage and delivery	60	118	184	75	437	5,894	806	6,700	7,137
Telephone	2,809	4,360	5,832	5,130	18,131	4,043	1,608	5,651	23,782
Supplies	2,569	15,045	21,123	2,937	41,674	10,931	721	11,652	53,326
Insurance	5,210	8,088	10,818	9,516	33,632	7,499	2,983	10,482	44,114
Printing	428	-	80	428	936	7,965	8,120	16,085	17,021
Travel	2,125	24	320	24	2,493	6,307	40	6,347	8,840
Building/equipment rental, repairs	1,995	3,516	3,521	1,955	10,987	37,907	1,253	39,160	50,147
Miscellaneous	136	2,142	588	333	3,199	5,789	78	5,867	9,066
Professional services	451	749	1,214	1,309	3,723	117,642	22,371	140,013	143,736
Vehicle expenses	-	767	697	-	1,464	6,386	-	6,386	7,850
Bank charges	-	8	-	-	8	4,252	3,031	7,283	7,291
Indirect benefit expenses	-	-	-	-	-	-	19,870	19,870	19,870
Membership dues and subscription	694	270	90	-	1,054	7,534	-	7,534	8,588
Training	160	105	-	-	265	600	-	600	865
Total expenses before depreciation	166,183	311,424	2,079,544	312,767	2,869,918	442,934	146,280	589,214	3,459,132
Depreciation	21,966	34,101	45,615	40,124	141,806	31,621	12,577	44,198	186,004
Total Expenses	\$188,149	\$345,525	\$2,125,159	\$352,891	\$3,011,724	\$ 474,555	\$ 158,857	\$633,412	\$3,645,136

See notes to financial statements.

YORKVILLE COMMON PANTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2008

	Program Services				Supporting Services			Total	
	Project Dignity	Meal Program	Pantry Programs	24/7 @ YCP	Total	Management and General	Fundraising		Total
Food (Note 6)	\$ 5,032	\$100,787	\$1,450,403	\$ 2,145	\$1,558,367	\$ -	\$ 97	\$ 97	\$1,558,464
Toys and gift cards (Note 6)	17,687	-	51,442	-	69,129	-	-	-	69,129
Salaries	136,553	93,184	202,363	157,785	589,885	168,049	186,692	354,741	944,626
Payroll taxes and employee benefits	26,216	21,641	45,082	34,380	127,319	58,602	43,001	101,603	228,922
Rent	11,181	7,603	16,525	12,890	48,199	16,296	15,233	31,529	79,728
Utilities	13,098	8,906	19,358	15,100	56,462	16,082	17,843	33,925	90,387
Postage and delivery	577	610	1,811	660	3,658	4,430	3,806	8,236	11,894
Telephone	3,749	1,837	3,483	2,328	11,397	12,094	2,391	14,485	25,882
Supplies	4,631	27,520	25,680	1,335	59,166	18,802	3,756	22,558	81,724
Insurance	6,606	4,492	9,764	7,616	28,478	11,930	8,999	20,929	49,407
Printing	1,778	1,157	2,188	1,554	6,677	18,341	4,511	22,852	29,529
Travel	6,029	5	2,295	8	8,337	1,487	236	1,723	10,060
Building/equipment rental, repairs and maintenance	5,675	3,859	8,389	6,544	24,467	8,324	7,732	16,056	40,523
Miscellaneous	-	-	25	10	35	2,016	55	2,071	2,106
Professional services	3,365	1,596	3,080	5,316	13,357	75,222	4,755	79,977	93,334
Vehicle expenses	269	2,173	2,599	310	5,351	1,039	367	1,406	6,757
Bank charges	15	14	28	21	78	359	6,088	6,447	6,525
Indirect benefit expenses	-	-	-	-	-	-	18,606	18,606	18,606
Membership dues and subscription	1,405	1,436	2,091	187	5,119	2,451	936	3,387	8,506
Annual report	-	47	47	-	94	-	-	-	94
Training	120	-	160	-	280	-	-	-	280
Total expenses before depreciation	243,986	276,867	1,846,813	248,189	2,615,855	415,524	325,104	740,628	3,356,483
Depreciation	24,880	16,904	36,742	28,659	107,185	30,523	33,847	64,370	171,555
Total Expenses	<u>\$268,866</u>	<u>\$293,771</u>	<u>\$1,883,555</u>	<u>\$276,848</u>	<u>\$2,723,040</u>	<u>\$ 446,047</u>	<u>\$ 358,951</u>	<u>\$804,998</u>	<u>\$3,528,038</u>

See notes to financial statements.

YORKVILLE COMMON PANTRY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (464,408)	\$ 658,148
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	186,004	171,555
Net realized and unrealized losses	220,817	66,285
Contribution for capital improvements	(7,036)	(461,519)
(Increase) decrease in:		
Unconditional promises to give	231,860	(96,552)
Prepaid expenses and other assets	(21,157)	30,110
Security deposits	-	(3,720)
Decrease in accounts payable and accrued expenses	<u>(25,059)</u>	<u>(180,053)</u>
Net Cash Provided By Operating Activities	<u>121,021</u>	<u>184,254</u>
 Cash Flows From Investing Activities		
Acquisition of property and equipment	(68,850)	(10,229)
Cash paid for building renovation	(25,259)	(186,375)
Cash received for capital improvements	128,429	337,291
Purchases of investments	(845,319)	(1,208,733)
Proceeds from sale of investments	<u>829,195</u>	<u>1,176,453</u>
Net Cash Provided By Investing Activities	<u>18,196</u>	<u>108,407</u>
 Net increase in cash and cash equivalents	139,217	292,661
Cash and cash equivalents, beginning of year	<u>726,322</u>	<u>433,661</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 865,539</u>	<u>\$ 726,322</u>

See notes to financial statements.

YORKVILLE COMMON PANTRY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 AND 2008****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Yorkville 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, 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.

The Organization was required to adopt Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"), effective July 1, 2008.

SFAS 157 clarifies that 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). Under SFAS 157, fair value measurements are not adjusted for transaction costs. SFAS 157 provides for use of a fair value hierarchy 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.

YORKVILLE COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

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.

The Organization's investments in cash, equities, and mutual funds are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values.

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.

f - Property and Equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful life of the asset. Leasehold improvements are depreciated over the term of the lease and options to renew.

g - Donated Services

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

h - 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.

i - Tax Status

Yorkville 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.

YORKVILLE COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

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

The Organization has evaluated subsequent events through January 26, 2010, 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>2009 Total</u>	<u>2008 Total</u>
Board designated cash reserve for operations	\$ 540,997	\$ -	\$ 540,997	\$ 746,286
Other	357,494	-	357,494	517,677
Property and equipment	3,575,473	316,275	3,891,748	4,016,318
Future programs and periods	<u>-</u>	<u>283,386</u>	<u>283,386</u>	<u>257,752</u>
2009 Total	<u>\$4,473,964</u>	<u>\$599,661</u>	<u>\$5,073,625</u>	
2008 Total	<u>\$4,931,331</u>	<u>\$608,702</u>		<u>\$5,538,033</u>

The Board has designated certain funds as a cash reserve for current and future operations. There are no permanently restricted net assets.

Note 3 - Investments

Investments consist of the following:

	<u>2009</u>		<u>2008</u>	
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>
Equities	\$178,400	\$150,567	\$516,756	\$542,671
Corporate bonds	-	-	211,898	217,168
Mutual funds	<u>345,561</u>	<u>324,973</u>	<u>-</u>	<u>-</u>
	<u>\$523,961</u>	<u>\$475,540</u>	<u>\$728,654</u>	<u>\$759,839</u>

YORKVILLE COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 3 - Investments (continued)

Net realized and unrealized gains consist of the following:

	<u>2009</u>	<u>2008</u>
Net realized gains (losses)	\$(300,423)	\$ 30,247
Net unrealized gains (losses)	<u>79,606</u>	<u>(96,532)</u>
	<u>\$(220,817)</u>	<u>\$(66,285)</u>

Note 4 - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectible promises to give are expected to be insignificant.

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2009</u>	<u>2008</u>
Leasehold improvements	Life of lease and options	\$3,643,043	\$3,617,784
Equipment	5 years	<u>317,338</u>	<u>249,050</u>
		3,960,381	3,866,834
Less: Accumulated depreciation		<u>(384,908)</u>	<u>(199,466)</u>
Total		<u>\$3,575,473</u>	<u>\$3,667,368</u>

Depreciation expense for the years ended June 30, 2009 and 2008 was \$186,004 and \$171,555, respectively.

YORKVILLE COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 6 - Donated Services and Materials

The Organization received donated services and materials in connection with its programs that it valued using the estimated or known fair values at the time of the donations. The total contribution per category is as follows:

	<u>2009</u>	<u>2008</u>
Food	\$1,227,521	\$1,054,477
Toys	39,384	69,129
Consulting	16,500	-
Other	<u>157</u>	<u>-</u>
	<u>\$1,283,562</u>	<u>\$1,123,606</u>

During the years ended June 30, 2009 and 2008, 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.

Note 7 - Functional Allocation of Expenses

The cost of providing the various programs and the 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's lease agreement provides for minimum annual rental payments as follows:

Year ending June 30, 2010	\$75,000
Two months ending August 31, 2010	12,500

The Organization has options to renew this lease through August 31, 2035. Rent expense the years ended June 30, 2009 and 2008 was \$80,487 and \$79,728, respectively.

YORKVILLE COMMON PANTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 8 - Commitments and Contingency (continued)

b - The Organization leases office equipment under agreements providing for minimum annual rentals as follows:

Year ending June 30, 2010	\$11,441
Year ending June 30, 2011	11,441
Year ending June 30, 2012	11,441
Year ending June 30, 2013	2,285
Five months ending November 30, 2013	952

c - Government grants are subject to audit by the respective granting agencies.

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>2009</u>	<u>2008</u>
Gross benefit income	\$353,525	\$213,210
Less: Direct expenses	<u>(54,353)</u>	<u>(53,804)</u>
Net benefit income, before indirect expenses	299,172	159,406
Indirect expenses	<u>(19,870)</u>	<u>(18,606)</u>
Net Benefit Income	<u>\$279,302</u>	<u>\$140,800</u>

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

YORKVILLE COMMON PANTRY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 AND 2008****Note 11 - Retirement Plan**

The Organization maintains a tax deferred annuity 403(b) plan and another pension plan for its employees. The participating employees may contribute up to the statutory maximum. The amount of the employer's contribution is equal to a discretionary amount to be determined by the Organization each year. The Organization did not make a contribution to the plan for the years ended June 30, 2009 and 2008.