

THE FAMILY PANTRY OF CAPE COD CORPORATION
(a nonprofit corporation)

FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

THE FAMILY PANTRY OF CAPE COD CORPORATION

Financial Statements
For the Years Ended December 31, 2023 and 2022

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
NOTES TO FINANCIAL STATEMENTS	9 - 19

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Family Pantry of Cape Cod Corporation
Harwich, MA

Opinion

We have audited the accompanying financial statements of The Family Pantry of Cape Cod Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of The Family Pantry of Cape Cod Corporation as of December 31, 2023 and 2022, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Family Pantry of Cape Cod Corporation 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Family Pantry of Cape Cod Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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, including omissions, 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 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 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 The Family Pantry of Cape Cod Corporation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Family Pantry of Cape Cod Corporation'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.

Sanders, Walsh & Eaton, CPAs, LLC

Osterville, Massachusetts
February 15, 2024

THE FAMILY PANTRY OF CAPE COD CORPORATION

Statements of Financial Position

December 31, 2023 and 2022

ASSETS		<u>2023</u>	<u>2022</u>
Current Assets:			
Cash and cash equivalents		\$ 4,329,595	\$ 5,212,875
Operating investments		6,616,153	3,172,633
Prepaid expenses		57,423	57,264
Total Current Assets		<u>11,003,172</u>	<u>8,442,772</u>
Non-current Assets:			
Property and equipment, net		1,442,731	1,554,061
Endowment investments		77,917	35,620
Total Non-current Assets		<u>1,520,648</u>	<u>1,589,682</u>
Total Assets		<u><u>\$ 12,523,819</u></u>	<u><u>\$ 10,032,454</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable		\$ 29,759	\$ 11,383
Accrued expenses		34,782	33,782
Total Current Liabilities		<u>64,542</u>	<u>45,165</u>
Total Liabilities		<u>64,542</u>	<u>45,165</u>
Net Assets:			
With donor restrictions			
Purpose restrictions		3,856	27,783
Perpetual in nature		75,000	25,000
		<u>78,856</u>	<u>52,783</u>
Without donor restrictions			
Undesignated		12,370,422	9,924,506
Designated by Board for employee emergency fund		10,000	10,000
		<u>12,380,422</u>	<u>9,934,506</u>
Total Net Assets		<u>12,459,278</u>	<u>9,987,289</u>
Total Liabilities and Net Assets		<u><u>\$ 12,523,819</u></u>	<u><u>\$ 10,032,454</u></u>

The accompanying notes are an integral part of these financial statements.

THE FAMILY PANTRY OF CAPE COD CORPORATION

Statement of Activities

For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support:			
Contributions and grants	\$ 2,523,446	\$ 65,000	\$ 2,588,446
In-kind contributions (Note I)	2,309,941	-	2,309,941
In-kind contributions - thrift shop sales (Note I)	713,095	-	713,095
Special events, net of \$84,437 direct benefits to donors	281,018	-	281,018
Investment return (loss), net	565,888	2,297	568,185
Other revenue	3,003	-	3,003
Gain (Loss) on sale of property and equipment	-	-	-
Net assets released from restrictions	41,224	(41,224)	-
Total Revenue, Gains, and Other Support	<u>6,437,614</u>	<u>26,073</u>	<u>6,463,688</u>
Expenses:			
Program	3,721,615	-	3,721,615
Management and general	192,823	-	192,823
Fund-raising	77,260	-	77,260
Total Expenses	<u>3,991,698</u>	<u>-</u>	<u>3,991,698</u>
Change in Net Assets	2,445,916	26,073	2,471,989
Net Assets, Beginning of Year	<u>9,934,506</u>	<u>52,783</u>	<u>9,987,289</u>
Net Assets, End of Year	<u>\$ 12,380,422</u>	<u>\$ 78,856</u>	<u>\$ 12,459,278</u>

The accompanying notes are an integral part of these financial statements.

THE FAMILY PANTRY OF CAPE COD CORPORATION

Statement of Activities

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support:			
Contributions and grants	\$ 2,591,086	\$ 42,349	\$ 2,633,435
In-kind contributions (Note I)	2,745,167	-	2,745,167
In-kind contributions - thrift shop sales (Note I)	602,370	-	602,370
Special events, net of \$67,605 direct benefits to donors	238,313	-	238,313
Investment return (loss), net	(181,859)	620	(181,239)
Other revenue	2,250	-	2,250
Gain (Loss) on sale of property and equipment	13,808	-	13,808
Net assets released from restrictions	38,392	(38,392)	-
Total Revenue, Gains, and Other Support	<u>6,049,527</u>	<u>4,577</u>	<u>6,054,104</u>
Expenses:			
Program	4,000,805	-	4,000,805
Management and general	182,972	-	182,972
Fund-raising	62,687	-	62,687
Total Expenses	<u>4,246,465</u>	<u>-</u>	<u>4,246,465</u>
Change in Net Assets	1,803,062	4,577	1,807,639
Net Assets, Beginning of Year	<u>8,131,444</u>	<u>48,206</u>	<u>8,179,650</u>
Net Assets, End of Year	<u><u>\$ 9,934,506</u></u>	<u><u>\$ 52,783</u></u>	<u><u>\$ 9,987,289</u></u>

The accompanying notes are an integral part of these financial statements.

THE FAMILY PANTRY OF CAPE COD CORPORATION

Statement of Functional Expenses

For the Year Ended December 31, 2023

	Program	Management and General	Fund Raising	Total
Advertising	\$ 2,826	\$ -	\$ 3,453	\$ 6,279
Contract labor	7,360	-	-	7,360
Credit card fees	27,161	-	-	27,161
Depreciation	130,112	8,674	-	138,786
Employee benefits	29,230	10,746	3,009	42,985
Food and clothing	2,866,926	-	-	2,866,926
Garden expenses	10,222	-	-	10,222
Grants and other assistance	14,432	5,618	-	20,050
Insurance	32,276	4,868	-	37,144
Office expenses	27,951	11,411	36,257	75,619
Other	592	157	-	749
Payroll taxes	28,693	10,228	2,621	41,542
Professional fees	-	15,912	2,800	18,712
Repairs and maintenance	117,714	7,848	-	125,562
Salaries and wages	318,748	113,618	29,120	461,485
Transportation	13,450	-	-	13,450
Utilities	56,145	3,743	-	59,888
Volunteer expense	37,779	-	-	37,779
Total Expenses	<u>\$ 3,721,615</u>	<u>\$ 192,823</u>	<u>\$ 77,260</u>	<u>\$ 3,991,698</u>

The accompanying notes are an integral part of these financial statements.

THE FAMILY PANTRY OF CAPE COD CORPORATION

Statement of Functional Expenses For the Year Ended December 31, 2022

	Program	Management and General	Fund Raising	Total
Advertising	\$ 2,475	\$ -	\$ 3,024	\$ 5,499
Contract labor	3,862	-	-	3,862
Credit card fees	24,768	-	-	24,768
Depreciation	107,222	7,148	-	114,370
Employee benefits	22,741	8,361	2,341	33,442
Food and clothing	3,202,238	-	-	3,202,238
Garden expenses	6,692	-	-	6,692
Grants and other assistance	15,971	6,318	-	22,289
Insurance	27,594	4,162	-	31,756
Office expenses	21,981	7,431	19,832	49,245
Other	1,473	390	-	1,863
Payroll taxes	29,144	9,851	2,834	41,829
Professional fees	-	17,535	2,800	20,335
Repairs and maintenance	114,329	7,622	-	121,951
Salaries and wages	327,591	110,754	31,856	470,200
Transportation	19,455	-	-	19,455
Utilities	51,013	3,401	-	54,414
Volunteer expense	22,258	-	-	22,258
Total Expenses	<u>\$ 4,000,805</u>	<u>\$ 182,972</u>	<u>\$ 62,687</u>	<u>\$ 4,246,465</u>

The accompanying notes are an integral part of these financial statements.

THE FAMILY PANTRY OF CAPE COD CORPORATION

Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ 2,471,989	\$ 1,807,639
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	138,786	114,370
Realized and unrealized (gains) losses on investments	(316,088)	225,757
Endowment net investment (return)	(2,297)	(620)
(Gain) loss on sale of property and equipment	-	(13,808)
Contributed property and equipment capitalized	-	(2,500)
Contributions restricted to endowment	(40,000)	(35,000)
(Increase) decrease in operating assets:		
Prepaid expenses	(359)	4,204
Increase (decrease) in operating liabilities:		
Accounts payable	18,377	2,664
Accrued expenses	1,000	4,250
Net Cash Provided by (Used in) Operating Activities	<u>2,271,408</u>	<u>2,106,956</u>
Cash Flows from Investing Activities:		
Sales of investment securities	2,453,146	-
Purchases of investment securities and reinvested dividends	(5,580,379)	(1,024,637)
(Additions to)/withdrawals from endowment	(40,000)	(35,000)
Purchases of property and equipment	(27,455)	(187,664)
Proceeds from sale of property and equipment	-	16,000
Net Cash Provided by (Used in) Investing Activities	<u>(3,194,688)</u>	<u>(1,231,301)</u>
Cash Flows from Financing Activities:		
Collections of contributions restricted to endowment	40,000	35,000
Net Cash Provided by (Used in) Financing Activities	<u>40,000</u>	<u>35,000</u>
Net Change in Cash and Cash Equivalents	(883,280)	910,654
Cash and Cash Equivalents, Beginning of Year	<u>5,212,875</u>	<u>4,302,221</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,329,595</u>	<u>\$ 5,212,875</u>

The accompanying notes are an integral part of these financial statements.

THE FAMILY PANTRY OF CAPE COD CORPORATION

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Family Pantry of Cape Cod Corporation (the "Family Pantry") was established in 1990 for the purpose of acquiring and distributing food to the poor and needy. Its principal activity is the collection, storage and re-distribution of food, furniture and clothing. Revenues are derived primarily from public and private donations, grants and thrift shop sales.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Cash and Cash Equivalents

The Family Pantry considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an employee emergency fund.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Family Pantry reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Family Pantry reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released when received and released from restrictions when the assets are placed in service.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. The expenses that are allocated include utilities, depreciation, which are allocated on a square footage basis, as well as salaries and wages, employee benefits, payroll taxes, professional fees, office expenses, insurance, advertising, repair and maintenance, and other, which are allocated on the basis of estimates of time and effort.

THE FAMILY PANTRY OF CAPE COD CORPORATION

Notes to Financial Statements For the Years Ended December 31, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

The Family Pantry records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Family Pantry reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2023 and 2022, respectively.

In-Kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, supplies and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note J). In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Revenue and Revenue Recognition

The Family Pantry 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 a right of return, are not recognized until the conditions on which they depend have been substantially met. Revenue related to grants that are considered reciprocal transactions or purchases of services, the results of which are turned over to the grantor, is recognized as the work under the contract is performed. Grants that are considered nonreciprocal transactions or contributions that further the programs of the Family Pantry are recorded when the Family Pantry receives notification of the grant award or contribution, or, if conditions for performance are imposed, revenue is recognized when conditions have been met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Family Pantry recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Family Pantry recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

All goods and services are transferred at a point in time. Thrift shop sales are recognized at the time of purchase.

The Family Pantry is supported primarily by food donations, contributions, and grants. Approximately, 40% and 45% of the Family Pantry's total revenue came from food donations for the years ended June 30, 2023 and 2022, respectively.

THE FAMILY PANTRY OF CAPE COD CORPORATION

Notes to Financial Statements For the Years Ended December 31, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The Family Pantry's employees earn vacation leave at a rate that is based on length of service. Up to 10 days of vacation leave can be carried over from one year to the next and any unused vacation leave is paid out upon termination. Accordingly, accrued compensated absences for the years ended December 31, 2023 and 2022 were \$10,282 and \$10,282, respectively.

Investments

The Family Pantry records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Advertising

The Family Pantry follows the policy of charging the costs of advertising to expense as incurred. Advertising costs for the years ended December 31, 2023 and 2022, were \$6,279 and \$5,499, respectively.

Income Taxes

The Family Pantry is organized as a Massachusetts nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The Family Pantry is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Family Pantry is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Management has determined that the Family Pantry is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

The Family Pantry manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Family Pantry has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Family Pantry.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

THE FAMILY PANTRY OF CAPE COD CORPORATION

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2023 and 2022:

	2023	2022
Automobiles	\$ 236,570	\$ 236,570
Furniture and fixtures	33,530	33,530
Machinery and equipment	235,636	216,191
Land and improvements	402,482	402,482
Buildings and improvements	1,746,790	1,746,790
Database costs	20,010	12,000
	<u>2,675,019</u>	<u>2,647,563</u>
Less accumulated depreciation and amortization	<u>(1,232,288)</u>	<u>(1,093,502)</u>
Property and Equipment, Net	<u>\$ 1,442,731</u>	<u>\$ 1,554,061</u>

NOTE C - LINES OF CREDIT

The Family Pantry has a revolving line of credit with TD Bank, due on demand with a maximum borrowing limit of \$50,000. As part of the conditions precedent to each advance, the Family Pantry is required to provide a security agreement to the lender granting security interest in all its property (the collateral). The aggregate principal balance outstanding bears interest at a rate of one (1.00%) above the Wall Street Journal prime rate, adjusted by any minimum or maximum rate limitations. Lender is also entitled to collect an annual fee of two hundred and fifty dollars (\$250) to cover costs incurred by the lender to service and administer the credit facility.

The Family Pantry has a revolving line of credit with Cape Cod Five, due on demand with a maximum borrowing limit of \$500,000. The Family Pantry grants a security interest in all its property (the collateral). The note carries a variable interest rate based on changes in the Wall Street Journal prime rate, adjusted by any minimum or maximum rate limitations. Under no circumstances will the interest rate on the note be less than 3.25%.

NOTE D - INVESTMENT RETURN

Investment income for the years ended December 31, 2023 and 2022, consisted of the following:

	2023	2022
Interest and dividends	\$ 285,706	\$ 66,057
Realized gains (losses)	(31,558)	(22,589)
Unrealized gains (losses)	347,646	(203,168)
Less investment fees	<u>(33,609)</u>	<u>(21,539)</u>
Total Investment Return (Loss)	<u>\$ 568,185</u>	<u>\$ (181,239)</u>

NOTE E - EMPLOYEE BENEFITS

The Family Pantry sponsors a tax-deferred annuity plan (the Plan) qualified under IRC Section 403(b) covering substantially all employees. The plan provides that all employees may voluntarily contribute up to 100 percent of their earnings to the Plan, up to the maximum contribution allowed by the IRS. The Family Pantry does not match employee voluntary contributions. The Family Pantry incurred \$1,535 and \$1,033 in plan administration fees at December 31, 2023 and 2022, respectively.

THE FAMILY PANTRY OF CAPE COD CORPORATION

Notes to Financial Statements For the Years Ended December 31, 2023 and 2022

NOTE F - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Family Pantry's financial assets as of the statements of financial position date reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statements of financial position date. Amounts not available include board designated amounts set aside for an employee emergency fund that could be drawn upon if the governing Board approves that action. However, amounts already appropriated from either donor-restricted funds or Board designated funds for general expenditure within one year of the statements of financial position date have not been subtracted as unavailable.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 4,329,595	\$ 5,212,875
Operating and endowment Investments	6,694,070	3,208,253
Total financial assets at year end	11,023,666	8,421,128
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	(939)	(17,163)
Subject to appropriation and expenditures when specified event occurs	(2,917)	(620)
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation	(75,000)	(35,000)
Board Designations:		
Amount set aside for employee emergency fund	(10,000)	(10,000)
Financial assets available to meet cash needs for general expenditure within one year	\$ 10,934,809	\$ 8,358,345

The Family Pantry is supported by both restricted and unrestricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Family Pantry must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Family Pantry's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds. In the event of unanticipated liquidity need, the Family Pantry could also draw upon \$550,000 of available lines of credit (NOTE C) or its Board designated fund.

NOTE G - FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Family Pantry reports certain assets, at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

THE FAMILY PANTRY OF CAPE COD CORPORATION

Notes to Financial Statements For the Years Ended December 31, 2023 and 2022

NOTE G - FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they comprise publicly trade equity securities with daily quoted market prices and open-end mutual funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost at December 31, 2023:

Asset Category	2023			
	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Mrkts for Identical Assets (Level1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating Investments:				
Money market funds (at cost)	\$ 1,956,860		\$ -	\$ -
Fixed income - mutual funds	2,668,178	2,668,178	-	-
Equity mutual funds	1,991,115	1,991,115	-	-
Totals	<u>\$ 6,616,153</u>	<u>\$ 4,659,293</u>	<u>\$ -</u>	<u>\$ -</u>
Endowment Investments				
Money market funds (at cost)	\$ 77,917	\$ -	\$ -	\$ -
Totals	<u>\$ 77,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE FAMILY PANTRY OF CAPE COD CORPORATION

Notes to Financial Statements For the Years Ended December 31, 2023 and 2022

NOTE G - FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

The following table presents assets measured at fair value on a recurring basis, except those measured at cost at December 31, 2022:

Asset Category	2022			
	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Mrkts for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating Investments:				
Money market funds (at cost)	\$ 282,528	\$ -	\$ -	\$ -
Fixed income - mutual funds	1,659,206	1,659,206	-	-
Equity mutual funds	1,230,899	1,230,899	-	-
Totals	<u>\$ 3,172,633</u>	<u>\$ 2,890,105</u>	<u>\$ -</u>	<u>\$ -</u>
Endowment Investments				
Money market funds (at cost)	\$ 35,620	\$ -	\$ -	\$ -
Totals	<u>\$ 35,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE H - ENDOWMENT FUND

The Family Pantry's endowment (the Endowment) consists solely of funds established by donors to provide annual funding for general operations.

The Board of Directors has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, the Family Pantry retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Family Pantry considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of interments
- (6) Other resources of the organization
- (7) The organization's investment policies.

THE FAMILY PANTRY OF CAPE COD CORPORATION

Notes to Financial Statements For the Years Ended December 31, 2023 and 2022

NOTE H - ENDOWMENT FUND (Continued)

As of December 31, 2023, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 75,000	\$ 75,000
Accumulated investment gains (losses)	-	2,917	2,917
	<u>\$ -</u>	<u>\$ 77,917</u>	<u>\$ 77,917</u>

As of December 31, 2022, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	\$ -	\$ 35,000	\$ 35,000
Accumulated investment gains (losses)	-	620	620
	<u>\$ -</u>	<u>\$ 35,620</u>	<u>\$ 35,620</u>

Changes in endowment net assets for the year ended December 31, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Endowment net assets, beginning of year	\$ -	\$ 35,620	\$ 35,620
Investment return, net	-	2,297	2,297
Contributions	-	40,000	40,000
Appropriation of endowment assets pursuant to spending-rate policy	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 77,917</u>	<u>\$ 77,917</u>

Changes in endowment net assets for the year ended December 31, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Investment return, net	-	620	620
Contributions	-	35,000	35,000
Appropriation of endowment assets pursuant to spending-rate policy	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 35,620</u>	<u>\$ 35,620</u>

THE FAMILY PANTRY OF CAPE COD CORPORATION

Notes to Financial Statements For the Years Ended December 31, 2023 and 2022

NOTE H - ENDOWMENT FUND (Continued)

From time to time, the fair value associated with individual donor-restricted endowment funds may fall below the level required to be maintained by the donor or by law (underwater endowment). The Family Pantry has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2023 and 2022, there are no underwater endowments.

The Family Pantry has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Family Pantry uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the Endowment investments for the prior 12 quarters at December 31 of each year to determine the spending amount for the upcoming year. During 2023 and 2022, the spending rate maximum was 4.5 percent. In establishing this policy, the Family Pantry considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

NOTE I - IN-KIND CONTRIBUTIONS

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included the following:

	2023	2022
Machinery	\$ -	\$ 2,500
Used household goods and clothing	713,095	602,370
Food:		
Greater Boston Food Bank - Other	940,141	1,316,311
Greater Boston Food Bank - USDA	485,649	440,413
Greater Boston Food Bank - MEFA	559,583	546,727
Individuals and organizations	324,568	439,216
	<u>\$ 3,023,036</u>	<u>\$ 3,347,537</u>

The Family Pantry received donations of machinery in amount of \$2,500 which was capitalized in the year ended December 31, 2022. The machinery was valued using estimated U.S. wholesale prices (principal market) for identical equipment.

THE FAMILY PANTRY OF CAPE COD CORPORATION

Notes to Financial Statements For the Years Ended December 31, 2023 and 2022

NOTE I - IN-KIND CONTRIBUTIONS (Continued)

The used household goods and clothing donations represent donated items sold in the Family Pantry's thrift shop. The Family Pantry's policy is to sell all donated household items and clothing immediately upon receipt unless items are not in salable conditions, in which case they are offered to Family Pantry's clients free of charge. Proceeds from household goods and clothing are valued according to actual cash proceeds upon their disposition.

The Family Pantry receives food donations from the general public. It also receives food from the USDA and the Massachusetts Emergency Food Assistance Program through the Greater Boston Food Bank (GBFB). Contributed food is valued at \$1.92 and \$1.62 per pound for the years ended December 31, 2022 and 2023, respectively, the approximate average wholesale value of one pound of donated food product at the national level, as outlined in studies performed by Feeding America. GBFB also provides salvage food to the Family Pantry valued at nineteen cents a pound, which covers the GBFB's handling fees and transportation costs.

All gifts-in-kind received during the years ended December 31, 2023 and 2022 were unrestricted.

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Subject to expenditure for a specific purpose:		
Fish for Families Program	\$ 939	\$ 9,814
Menstrual Product Program	-	7,349
	<u>939</u>	<u>17,163</u>
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Available for general use	<u>2,917</u>	<u>620</u>
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
General use	<u>75,000</u>	<u>35,000</u>
Total Endowments	<u>77,917</u>	<u>35,620</u>
	<u>\$ 78,856</u>	<u>\$ 52,783</u>

THE FAMILY PANTRY OF CAPE COD CORPORATION

Notes to Financial Statements For the Years Ended December 31, 2023 and 2022

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Satisfaction of purpose restrictions:		
Fish for Families Program	\$ 8,875	\$ 37,686
Menstrual products	32,349	-
Other	-	706
	<u>41,224</u>	<u>38,392</u>
Restricted-purpose spending-rate policy and appropriations for general use	-	-
	<u>\$ 41,224</u>	<u>\$ 38,392</u>

NOTE K - RELATED PARTIES

A Board member is a part-time employee of the Family Pantry. The Board member received \$813 and \$0 in wages for the years ended December 31, 2023 and 2022, respectively.

NOTE L - SUBSEQUENT EVENTS

The Family Pantry has evaluated subsequent events through February 15, 2024, the date which the financial statements were available to be issued.