

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

**FINANCIAL STATEMENTS**

For the Years Ended December 31, 2022 and 2021

# THE FAMILY PANTRY OF CAPE COD CORPORATION

## Table of Contents

For the Years Ended December 31, 2022 and 2021

	<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 - 20

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, 2022 and 2021, 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, 2022 and 2021, 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  
April 4, 2023

# THE FAMILY PANTRY OF CAPE COD CORPORATION

## Statements of Financial Position For the Years Ended December 31, 2022 and 2021

<b>ASSETS</b>		<u>2022</u>	<u>2021</u>
Current Assets:			
Cash and cash equivalents	\$	5,212,875	\$ 4,302,221
Operating investments		3,172,633	2,373,753
Prepaid expenses		57,264	61,469
Total Current Assets		<u>8,442,772</u>	<u>6,737,442</u>
Noncurrent Assets:			
Property and equipment, net		1,554,061	1,480,459
Endowment Investments		35,620	-
Total Noncurrent Assets		<u>1,589,681</u>	<u>1,480,459</u>
Total Assets	\$	<u><u>10,032,454</u></u>	<u><u>\$ 8,217,901</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities:			
Accounts payable	\$	11,383	\$ 8,719
Accrued expenses		33,782	29,532
Total Current Liabilities		<u>45,165</u>	<u>38,251</u>
Total Liabilities		<u>45,165</u>	<u>38,251</u>
Net Assets:			
With donor restrictions		52,783	48,206
Without donor restrictions			
Undesignated		9,924,506	8,121,444
Designated by the Board for an employee emergency fund		10,000	10,000
		<u>9,934,506</u>	<u>8,131,444</u>
Total Net Assets		<u>9,987,289</u>	<u>8,179,650</u>
Total Liabilities and Net Assets	\$	<u><u>10,032,454</u></u>	<u><u>\$ 8,217,901</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 Years Ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support:			
Contributions and grants	\$ 2,590,467	\$ 42,969	\$ 2,633,435
Special events, less of \$67,605 of direct benefits to donors	238,313	-	238,313
In-kind contributions (Note J)	2,745,167	-	2,745,167
In-kind contributions - thrift shop sales (Note J)	602,370	-	602,370
Other income	2,250	-	2,250
Gain(Loss) on sale of property and equipment	13,808	-	13,808
Investment return, net	(181,239)	-	(181,239)
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	4,007,122	-	4,007,122
Management and general	176,656	-	176,656
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>\$ 9,934,506</u>	<u>\$ 52,783</u>	<u>\$ 9,987,289</u>

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

# THE FAMILY PANTRY OF CAPE COD CORPORATION

## Statement of Activities For the Years Ended December 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support:			
Contributions and grants	\$ 2,334,700	\$ 47,500	\$ 2,382,200
Special events, less of \$10,100 of direct benefits to donors	252,120	-	252,120
In-kind contributions (Note J)	2,125,334	-	2,125,334
In-kind contributions - thrift shop sales (Note J)	482,069	-	482,069
Other income	1,813	-	1,813
Gain(Loss) on sale of fixed asset	-	-	-
Investment return, net	77,762	-	77,762
Net assets released from restrictions	39,586	(39,586)	-
Total Revenue, Gains, and Other Support	<u>5,313,383</u>	<u>7,914</u>	<u>5,321,297</u>
Expenses:			
Program	2,946,564	-	2,946,564
Management and general	142,745	-	142,745
Fund-raising	57,780	-	57,780
Total Expenses	<u>3,147,089</u>	<u>-</u>	<u>3,147,089</u>
Change in Net Assets	2,166,294	7,914	2,174,208
Net Assets, Beginning of Year	<u>5,965,150</u>	<u>40,292</u>	<u>6,005,442</u>
Net Assets, End of Year	<u>\$ 8,131,444</u>	<u>\$ 48,206</u>	<u>\$ 8,179,650</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
Expenses:				
Food & clothing	\$ 3,202,238	\$ -	\$ -	\$ 3,202,238
Salaries and wages	327,592	110,754	31,854	470,200
Payroll taxes	29,142	9,853	2,834	41,829
Employee benefits	22,741	8,361	2,341	33,442
Contract labor	3,862	-	-	3,862
Advertising	2,475	-	3,024	5,499
Transportation	19,455	-	-	19,455
Utilities	51,013	3,401	-	54,414
Office expenses	21,981	7,431	19,833	49,246
Repairs and maintenance	114,329	7,622	-	121,951
Insurance	27,594	4,162	-	31,756
Professional fees	-	17,535	2,800	20,335
Garden expenses	6,692	-	-	6,692
Credit card fees	24,768	-	-	24,768
Volunteer expense	22,258	-	-	22,258
Other	1,473	389	-	1,862
Grants and other assistance	22,289	-	-	22,289
Depreciation	107,222	7,148	-	114,370
Totals	<u>\$ 4,007,122</u>	<u>\$ 176,656</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

## Statement of Functional Expenses For the Year Ended December 31, 2021

	Program	Management and General	Fund Raising	Total
Expenses:				
Food & clothing	\$ 2,288,232	\$ -	\$ -	\$ 2,288,232
Salaries and wages	270,639	91,498	26,316	388,454
Payroll taxes	23,595	7,977	2,294	33,866
Employee benefits	17,063	6,273	1,756	25,092
Contract labor	1,120	-	-	1,120
Advertising	2,755	-	3,366	6,121
Transportation	13,757	-	-	13,757
Utilities	33,576	2,238	-	35,815
Office expenses	19,839	6,707	18,847	45,394
Repairs and maintenance	85,695	5,713	-	91,408
Insurance	24,526	3,700	-	28,226
Professional fees	-	12,051	5,200	17,251
Garden expenses	6,907	-	-	6,907
Credit card fees	21,133	-	-	21,133
Volunteer expense	17,189	-	-	17,189
Other	2,691	713	-	3,404
Grants and other assistance	29,726	-	-	29,726
Depreciation	88,121	5,875	-	93,996
Totals	<u>\$ 2,946,564</u>	<u>\$ 142,745</u>	<u>\$ 57,780</u>	<u>\$ 3,147,089</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, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,807,639	\$ 2,174,208
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	114,370	93,996
Realized and unrealized (gain) loss on operating investments	225,757	(63,195)
Endowment net investment (return)	(620)	-
(Gain) loss on sale of property and equipment	(13,808)	-
Contributed property and equipment capitalized	(2,500)	(16,890)
Contributions restricted to endowment	(35,000)	
(Increase) / decrease in assets:		
Inventory, net	-	9,238
Grants receivable, net	-	4,000
Prepaid expenses	4,204	-
Increase / (decrease) in liabilities:		
Accounts payable and accrued expenses	6,914	(2,636)
Net Cash Provided by Operating Activities	<u>2,106,956</u>	<u>2,198,721</u>
Cash Flows from Investing Activities:		
Purchases of operating investments	(1,024,638)	(8,527)
(Additions to)/withdrawals from endowment	(35,000)	-
Purchases of property and equipment	(187,664)	(1,628,550)
Proceeds from sale of property and equipment	16,000	-
Net Cash Used by Investing Activities	<u>(1,231,302)</u>	<u>(1,637,077)</u>
Cash Flows from Financing Activities:		
Collections of contributions restricted to endowment	35,000	-
Net Cash Provided by Investing Activities	<u>35,000</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	910,654	561,643
Cash and Cash Equivalents, Beginning of Year	<u>4,302,221</u>	<u>3,740,577</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,212,875</u>	<u>\$ 4,302,221</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, 2022 and 2021

### 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.

#### 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, 2022 and 2021, 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.

#### 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, 2022 and 2021

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

#### 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.

#### 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.

Thrift shop sales are recognized at the time of purchase. Payments are required at the time of sale.

All goods and services are transferred at a point in time.

The Family Pantry is supported primarily by food donations, contributions, and grants. Approximately, 45% and 40% of the Family Pantry's total revenue came from food donations for the years ended June 30, 2022 and 2021, respectively.

# THE FAMILY PANTRY OF CAPE COD CORPORATION

## Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

#### 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, 2021 and 2020 totaled \$5,499 and \$6,121, respectively.

#### 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, 2022 and 2021 were \$10,282 and \$10,282, 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.

#### 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.

# THE FAMILY PANTRY OF CAPE COD CORPORATION

## Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

#### 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.

### NOTE B - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following at December 31, 2022 and 2021:

	2022	2021
Automobiles	\$ 236,570	\$ 164,939
Furniture and fixtures	33,530	38,805
Machinery and equipment	216,191	168,716
Land and improvements	387,201	387,201
Buildings and improvements	1,746,790	1,733,114
Other	27,281	28,881
	<u>2,647,563</u>	<u>2,521,656</u>
Less accumulated depreciation	<u>(1,093,502)</u>	<u>(1,041,196)</u>
Total	<u>\$ 1,554,061</u>	<u>\$ 1,480,459</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%.

# THE FAMILY PANTRY OF CAPE COD CORPORATION

## Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

### NOTE D - 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:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 5,212,875	\$ 4,302,221
Operating and endowment Investments	3,208,253	2,373,753
Total financial assets at year end	8,421,128	6,675,973
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	(17,163)	(48,206)
Subject to appropriation and expenditures when specified event occurs	(35,620)	-
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	<u>\$ 8,358,345</u>	<u>\$ 6,617,767</u>

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 or its Board designated fund.

### NOTE E - INVESTMENT RETURN:

Investment income for the years ended December 31, 2022 and 2021, consisted of the following:

	2022	2021
Interest	\$ 9,261	\$ 6,039
Dividends	56,796	20,830
Realized gains (losses)	(22,589)	4,468
Unrealized gains (losses)	(203,168)	58,727
Investment fees	(21,539)	(12,303)
Total Investment Income (Loss)	<u>\$ (181,239)</u>	<u>\$ 77,762</u>

## THE FAMILY PANTRY OF CAPE COD CORPORATION

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

#### NOTE F - 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:

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, 2022:

# THE FAMILY PANTRY OF CAPE COD CORPORATION

## Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

### NOTE F - FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued):

Assets	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets 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 securities	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>

The following table presents assets measured at fair value on a recurring basis, except those measured at cost at December 31, 2021:

Assets	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating Investments				
Money market funds (at cost)	\$ 831,700	\$ -	\$ -	\$ -
Fixed income - mutual funds	857,926	857,926	-	-
Equity securities	684,127	684,127	-	-
Totals	<u>\$ 2,373,753</u>	<u>\$ 1,542,053</u>	<u>\$ -</u>	<u>\$ -</u>
Endowment Investments				
Money market funds (at cost)	\$ -	\$ -	\$ -	\$ -
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# THE FAMILY PANTRY OF CAPE COD CORPORATION

## Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

### NOTE G - ENDOWMENT FUND

The Family Pantry's endowment (the Endowment) consists solely of donor-restricted funds.

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, 2022 and 2021, 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.

As of December 31, 2022 and 2021, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment
<u>December 31, 2022</u>			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 35,000	\$ 35,000
Accumulated investment gains (losses)	-	620	620
	<u>\$ -</u>	<u>\$ 35,620</u>	<u>\$ 35,620</u>
<u>December 31, 2021</u>			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	\$ -	\$ -	\$ -
Accumulated investment gains (losses)	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# THE FAMILY PANTRY OF CAPE COD CORPORATION

## Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

### NOTE G - 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, 2022 and 2021, 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 2022 and 2021, 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.

Changes in Endowment net assets for the years ended December 31, 2022 and 2021 are as follows:

Year ended December 31, 2022	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>
Year ended December 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Investment return, net	-	-	-
Contributions	-	-	-
Appropriation of endowment assets pursuant to spending-rate policy	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# THE FAMILY PANTRY OF CAPE COD CORPORATION

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

## NOTE H - NET ASSETS WITH DONOR RESTRICTIONS:

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

	2022	2021
Subject to expenditure for a specific purpose:		
Fish for Families Program	\$ 9,814	\$ 47,500
Menstrual Product Program	7,349	-
Healthy Meals in Motion Program	-	-
Other	-	706
	<u>17,163</u>	<u>48,206</u>
Endowments:		
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
General use	35,620	-
	<u>35,620</u>	<u>-</u>
	<u>\$ 52,783</u>	<u>\$ 48,206</u>

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, 2022 and 2021:

	2022	2021
Satisfaction of purpose restrictions:		
Fish for Families Program	\$ 37,686	\$ 10,000
Healthy Meals in Motion Program	-	29,586
College Pantry Program	-	-
Other	706	-
	<u>38,392</u>	<u>39,586</u>
Restricted-purpose spending-rate policy and appropriations		
General use	-	-
	<u>\$ 38,392</u>	<u>\$ 39,586</u>

## NOTE I - 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, 2022 and 2021, respectively.

# THE FAMILY PANTRY OF CAPE COD CORPORATION

## Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

### NOTE J - IN-KIND CONTRIBUTIONS:

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included the following:

	December 31, 2022			
	Program Services	Management and General	Fundraising	Total
Machinery	\$ 2,500	\$ -	\$ -	\$ 2,500
Used household goods and clothing	602,370	-	-	602,370
Food:				
Greater Boston Food Bank - Misc.	1,316,311	-	-	1,316,311
Greater Boston Food Bank - USDA	440,413	-	-	440,413
Greater Boston Food Bank - MEFA	546,727	-	-	546,727
Individuals and organizations	439,216	-	-	439,216
	<u>\$ 3,347,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,347,537</u>

  

	December 31, 2021			
	Program Services	Management and General	Fundraising	Total
Professional services	492	2,033	-	2,525
Supplies	700	-	-	700
Building and land improvements	16,890	-	-	16,890
Used household goods and clothing	482,069	-	-	482,069
Food:				-
Greater Boston Food Bank - Misc.	1,023,755	-	-	1,023,755
Greater Boston Food Bank - USDA	298,064	-	-	298,064
Greater Boston Food Bank - MEFA	427,222	-	-	427,222
Individuals and organizations	356,178	-	-	356,178
	<u>\$ 2,605,370</u>	<u>\$ 2,033</u>	<u>\$ -</u>	<u>\$ 2,607,403</u>

The Family Pantry received donations of machinery in amount of \$2,500 and construction services for building and land improvements in amount of \$16,890, for the years ended December 31, 2022 and 2021, respectively. Both the machinery and the construction services for building and land improvements were capitalized. The machinery was valued using estimated U.S. wholesale prices (principal market) for identical equipment. The construction services were valued based on current rates for similar construction services.

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 donated. Proceeds from household goods and clothing are valued according to actual cash proceeds on their disposition.

Contributed professional services are valued at the estimated fair value based on current rates for similar services. Contributed supplies are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution.

# **THE FAMILY PANTRY OF CAPE COD CORPORATION**

## **Notes to Financial Statements** **For the Years Ended December 31, 2022 and 2021**

### **NOTE J - IN-KIND CONTRIBUTIONS (Continued):**

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 \$1.94 and \$1.62 per pound for the years ended December 31, 2022 and 2021, 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, 2022 and 2021 were unrestricted.

### **NOTE K - RELATED PARTIES:**

Rick Roy Construction, LLC. owned by a member of the Board of Directors provided construction services totaling \$0 and \$35,856 to the Family Pantry for the years ended December 31, 2022 and 2021, respectively.

### **NOTE L - SUBSEQUENT EVENTS:**

The Family Pantry has evaluated subsequent events through April 4, 2023, the date which the financial statements were available to be issued.