

**FRANKLIN FOOD PANTRY, INCORPORATED**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

June 30, 2022 AND 2021

**LISCOMBE & PARRELLA, P. C.**

CERTIFIED PUBLIC ACCOUNTANTS  
127A MAIN STREET MEDWAY, MA 02053

## **LISCOMBE & PARRELLA, P. C.**

CERTIFIED PUBLIC ACCOUNTANTS  
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### **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Franklin Food Pantry, Incorporated

#### **Opinion**

We have audited the accompanying financial statements of Franklin Food Pantry, Incorporated (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 Franklin Food Pantry, Incorporated as of June 30, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Franklin Food Pantry, Incorporated 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 Franklin Food Pantry, Incorporated's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 Franklin Food Pantry, Incorporated'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 Franklin Food Pantry, Incorporated'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.

*Teseumbe + Parrella, P.C.*

Medway, Massachusetts  
February 24, 2023

**FRANKLIN FOOD PANTRY, INCORPORATED**

**STATEMENTS OF FINANCIAL POSITION**

AS OF JUNE 30, 2022 AND 2021

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash & Cash Equivalents	\$ 438,196	\$ 635,974
Inventory	67,191	38,256
Prepaid Expense	37,400	52,800
Total Current Assets	<u>542,787</u>	<u>727,030</u>
<b>PROPERTY &amp; EQUIPMENT</b>		
Equipment	105,085	89,881
Building	961,742	474,118
Construction in Progress (Renovations)	126,246	40,152
Accumulated Depreciation	<u>(63,766)</u>	<u>(48,798)</u>
Total Property & Equipment, net	<u>1,129,307</u>	<u>555,353</u>
<b>OTHER ASSETS</b>		
Cash Restricted for Capital Improvements	<u>218,903</u>	<u>365,184</u>
Total Other Assets	<u>218,903</u>	<u>365,184</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,890,997</u>	<u>\$ 1,647,567</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 27,729	\$ 20,248
Current Portion of Long Term Debt	11,684	8,998
Total Current Liabilities	<u>39,413</u>	<u>29,246</u>
<b>NON CURRENT LIABILITIES</b>		
Long Term Debt	<u>469,398</u>	<u>345,018</u>
Total Non Current Liabilities	469,398	345,018
<b>NET ASSETS</b>		
Without Donor Restrictions	1,167,693	896,415
With Donor Restrictions	<u>214,493</u>	<u>376,888</u>
Total Net Assets	<u>1,382,186</u>	<u>1,273,303</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,890,997</u>	<u>\$ 1,647,567</u>

See Accompanying Notes and Independent Auditors' Report

**FRANKLIN FOOD PANTRY, INCORPORATED**

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<b>2022</b>	<b>2021</b>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>Support and Revenue:</b>		
Contributions	\$ 433,906	\$ 445,790
In Kind Contributions	194,692	314,134
Special Events	198,709	149,651
Loss on Sale of Asset	(52,868)	-
Realized Gain on Investment	-	853
Interest Income	1,389	1,179
<b>Other Support: COVID-19 Government Grants:</b>		
Paycheck Protection Program Loan Forgiveness Grant	-	<u>39,092</u>
Total Support and Revenue Without Donor Restrictions	775,828	950,699
Net Assets Released from Restrictions		
Restrictions Satisfied by Payments	<u>316,338</u>	<u>102,183</u>
Total Revenue and Other Support Without Donor Restriction	<u>1,092,166</u>	<u>1,052,882</u>
<b>Expenses:</b>		
Program Services	709,298	605,931
Support Services	35,892	34,344
Fundraising	75,698	39,958
Total Expenses	<u>820,888</u>	<u>680,233</u>
Increase in Net Assets Without Donor Restrictions	<u>271,278</u>	<u>372,649</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Contributions and Grants	153,943	416,639
Net Assets Released from Restrictions	<u>(316,338)</u>	<u>(102,183)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(162,395)</u>	<u>314,456</u>
INCREASE IN NET ASSETS	108,883	687,105
NET ASSETS AT BEGINNING OF YEAR	<u>1,273,303</u>	<u>586,198</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,382,186</u>	<u>\$ 1,273,303</u>

*See Accompanying Notes and Independent Auditors' Report*

**FRANKLIN FOOD PANTRY, INCORPORATED**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in Net Assets	\$ 108,883	\$ 687,105
Adjustments to Reconcile the Above to Net Cash		
Depreciation	14,968	13,857
Loss on Sale of Property Plant and Equipment	52,868	-
Contributions Restricted to Building Fund	(55,148)	(316,516)
Discharge of Refundable Advance	-	(39,092)
(Increase) Decrease in Current Assets:		
Inventory	(28,935)	(15,256)
Prepaid Expense	15,400	903
Increase (Decrease) in Current Liabilities:		
Accounts Payable and Accrued Expenses	7,481	3,501
Net Cash Provided by Operating Activities	<u>115,517</u>	<u>334,502</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Equipment	(15,204)	(1,607)
Proceeds from the Sale of Building	111,080	-
Building Purchase and Renovations	<u>(602,362)</u>	<u>(36,938)</u>
Net Cash Used by Investing Activities	<u>(506,486)</u>	<u>(38,545)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Collections on Contributions Restricted to Building Fund	55,148	316,516
Principal Payments on Note Payable	<u>(8,238)</u>	<u>(7,796)</u>
Net Cash Provided by Financing Activities	<u>46,910</u>	<u>308,720</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(344,059)</b>	<b>604,677</b>
<b>CASH &amp; CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>1,001,158</u></b>	<b><u>396,481</u></b>
<b>CASH &amp; CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 657,099</u></b>	<b><u>\$ 1,001,158</u></b>
<b>Supplemental Disclosures</b>		
Cash Paid during the year for Interest	<u>\$ 11,000</u>	<u>\$ 15,127</u>
<b>Non-Cash Investing and Financing Activities:</b>		
Acquisition of Building	\$ 485,000	\$ -
Note Payable on Building	\$ (485,000)	\$ -
<b>Reconciliation to Cash and Cash Equivalents and Restricted Cash Reported Within the Statements of Financial Position:</b>		
Cash and Cash Equivalents	\$ 438,196	\$ 635,974
Cash Restricted for Capital Improvements	218,903	365,184
Total Cash and Restricted Cash	<u>\$ 657,099</u>	<u>\$ 1,001,158</u>

*See Accompanying Notes and Independent Auditors' Report*

**FRANKLIN FOOD PANTRY, INCORPORATED**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>Support Services</u>	<u>Fund Raising</u>	<u>Total</u>
Wages	\$ 244,728	\$ 6,600	\$ 23,100	\$ 274,428
Motor Vehicle Expenses	1,193	-	-	1,193
Food and Assistance	314,237	-	-	314,237
Insurance	2,635	5,531	-	8,166
Postage	1,759	-	-	1,759
Repairs and Maintenance	12,449	297	149	12,895
Depreciation	14,968	-	-	14,968
Payroll Taxes	20,747	631	2,209	23,587
Payroll Service Fees	970	-	-	970
Telephone	1,182	139	70	1,391
Office	16,673	1,913	3,723	22,309
Professional Fees	-	12,420	-	12,420
Mortgage Interest	11,000	1,294	647	12,941
Small Equipment	2,304	-	-	2,304
Supplies	3,385	-	-	3,385
Advertising	1,094	365	-	1,459
Conferences and Meetings	-	75	-	75
Special Events Expense	-	-	9,928	9,928
Annual Appeal Expense	-	-	32,558	32,558
Utilities	10,452	1,230	615	12,297
Rent	<u>49,522</u>	<u>5,397</u>	<u>2,699</u>	<u>57,618</u>
<b>Total Expenses</b>	<b><u>\$ 709,298</u></b>	<b><u>\$ 35,892</u></b>	<b><u>\$ 75,698</u></b>	<b><u>\$ 820,888</u></b>

*See Accompanying Notes and Independent Auditors' Report*

**FRANKLIN FOOD PANTRY, INCORPORATED**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>	<u>Support Services</u>	<u>Fund Raising</u>	<u>Total</u>
Wages	\$ 211,490	\$ 5,785	\$ 20,248	\$ 237,523
Motor Vehicle Expenses	274	-	-	274
Food and Assistance	252,748	-	-	252,748
Insurance	2,857	4,971	-	7,828
Postage	1,246	-	-	1,246
Repairs and Maintenance	15,144	268	134	15,546
Depreciation	13,857	-	-	13,857
Payroll Taxes	21,392	569	1,991	23,952
Payroll Service Fees	910	-	-	910
Telephone	1,253	147	74	1,474
Office	13,910	1,608	2,742	18,260
Professional Fees	-	12,683	-	12,683
Mortgage Interest	12,935	1,461	731	15,127
Small Equipment	1,130	-	-	1,130
Supplies	2,239	-	-	2,239
Advertising	2,020	673	-	2,693
Special Events Expense	-	-	3,424	3,424
Annual Appeal Expense	-	-	7,524	7,524
Utilities	6,804	800	400	8,004
Rent	<u>45,722</u>	<u>5,379</u>	<u>2,690</u>	<u>53,791</u>
Total Expenses	<u>\$ 605,931</u>	<u>\$ 34,344</u>	<u>\$ 39,958</u>	<u>\$ 680,233</u>

*See Accompanying Notes and Independent Auditors' Report*



**FRANKLIN FOOD PANTRY, INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE 1 ORGANIZATION**

Franklin Food Pantry, Incorporated, a food pantry located in Franklin, Massachusetts, was organized in 1995 as a not-for-profit corporation. The Organization's purpose is to provide assistance to families in need of food, clothing and other household items, through alliances with other local human service organizations. The Organization maintains operations through local donations, grants and other contributions.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting*

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

*Adoption of New Financial Reporting Standard*

The Organization adopted ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 requires entities to present contributed nonfinancial assets as a separate line item in the Statement of Activities and provide additional disclosures about contributions of nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets an entity has received. Adoption of this standard had no significant impact on the financial statements

# FRANKLIN FOOD PANTRY, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Financial Statement Presentation*

The Organization presents information regarding its financial position and activities according to two classifications of net assets as follows:

Without Donor Restrictions – Net assets that are not subject to donor imposed stipulations over which the Organization's Board of Directors (the Board) has discretionary control. The Board may elect to designate such resources for specific purposes. These designations may be removed at the Board's discretion.

With Donor Restrictions – Net assets with donor restrictions represent the portion of net assets subject to donor- (or certain grantor-) imposed restrictions. Certain 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 resources to be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization currently has no net assets with perpetual restrictions

#### *Cash and Cash Equivalents*

For the purpose of these financial statements, management considers equivalent to cash all money market funds and other deposits with an original maturity of ninety days or less from date of purchase. Cash equivalents are stated at cost which approximates market. At June 30, 2022 and 2021, the Organization had \$297,924 and \$726,120, respectively, on deposit at one financial institution that exceeded the FDIC insurance limits of \$250,000 by \$47,924 and \$476,120, respectively. However, these deposits are insured by the Share Insurance Fund which insures all deposits at co-operative banks in Massachusetts above the FDIC limits.

**FRANKLIN FOOD PANTRY, INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Inventory*

Inventory consists of food and household items and is tracked on a per pound basis.

*Other Assets - Cash Restricted for Capital Improvements*

Cash restricted for capital improvements is restricted by either the Board or donors and is not available for operating purposes. Cash restricted for capital improvements as of June 30, 2022 and 2021 is \$218,903 and \$365,184, respectively.

*Functional Expense Allocations*

Expenses related directly to a program or supporting function are distributed to that program or supporting function, while other expenses are allocated to programs or supporting functions based on management's estimate of the percentage attributable to each function. The expenses that are allocated include payroll related expenses which are allocated based on an estimate of time and level of effort spent on the Organization's program, supporting and fundraising functions and rent and occupancy expenses which are allocated based upon space used by each function.

*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 and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# FRANKLIN FOOD PANTRY, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Property and Equipment*

Equipment is stated at cost. Depreciation is calculated using the declining balance method over their estimated useful lives. Expenditures for major renewals are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for 2022 and 2021 was \$14,968 and \$13,857, respectively.

In fiscal year 2022, the Organization sold a facility which would have served as the main center of its operations, and subsequently purchased another building to serve the same purpose. The costs associated with acquiring and renovating the new building are included in Property and Equipment as of June 30, 2022, but as the asset is not yet placed in service, it is not included in depreciation expense as of June 30, 2022.

### NOTE 3 INCOME TAXES

The Organization qualifies as a tax exempt organization under the Internal Revenue Code, Section 501 (c) (3) and, accordingly, is not subject to federal income taxes.

The Organization is also exempt from Massachusetts income taxes. The Organization's Forms 990 for the years ending 2019, 2020, 2021, and 2022 are subject to examination by the IRS, generally for three years after they were filed.

### NOTE 4 LICENSE AGREEMENT

The Organization renewed a license agreement with a local bank for the right to use a bank owned facility for the purpose of conducting the Organization's activities. The bank agreed to contribute \$52,800 annually which the Organization will apply to lease payments for the respective year. At June 30, 2022 and 2021 the rent expense was \$57,618 and \$53,791, respectively.

# FRANKLIN FOOD PANTRY, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

### NOTE 5 IN KIND CONTRIBUTIONS

The Organization receives in-kind donations of food and household items from local supermarkets and individuals. The Organization weighs the donations and assigns a value based upon an analysis performed for and published by Feeding America of Washington, D.C. the nation's leading domestic hunger-relief charity. The Organization assigned a value of \$1.92 and \$1.62 per pound to donations received during 2022 and 2021, respectively.

For the years ended June 30, 2022 and 2021, in kind Contributions recognized in the Statement of Activities included:

	2022	2021
Donations of Food and Household Items	\$ 194,692	\$ 149,856
Donated Securities	<u>-</u>	<u>164,278</u>
Total In Kind Donations	<u>\$ 194,692</u>	<u>\$ 314,134</u>

### NOTE 6 SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through February 24, 2023, the date the financial statements were available to be issued.

In March 2020, the COVID-19 outbreak in the United States has resulted in the closures of many businesses and a marked reduction in economic activity. While this disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

# FRANKLIN FOOD PANTRY, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

### NOTE 8 NOTE PAYABLE

In January 2022, the Organization paid the outstanding amount on the note payable related to the facility sold in 2022 and entered into a secured long-term note agreement with a bank for \$485,000 for the new facility. The agreement is collateralized by a security interest in certain real estate. The note is dated March 1, 2022 maturing on March 1, 2047 and bears interest at a rate of 4.0000% per annum. Principal and interest are payable in monthly installments of \$2,954 through March 2047. Borrowings outstanding under both agreements at June 30, 2022 and 2021 amounted to \$481,082 and \$354,016, respectively.

Maturities of long term debt for each of the five years succeeding June 30, 2022 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ 11,684
2024	12,161
2025	12,656
2026	13,172
2027	13,708
Thereafter	417,701
	<u>\$ 481,082</u>

### NOTE 9 RECLASSIFICATION

Certain amounts in the 2021 financial statements have been reclassified to conform with the 2022 presentation.

**FRANKLIN FOOD PANTRY, INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

The Organization received grants and donations totaling \$153,943 and \$416,639 as of June 30, 2022 and 2021, respectively. These grants were designated by the grantor for either certain operating purposes or capital improvements and have been designated at *Net Assets With Donor Restrictions*. The balances as of June 30, 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Beginning Balance	\$ 376,888	\$ 62,432
Contributions with Donor Restrictions		
Operating Purposes	\$ 40,795	\$ 30,733
State Building Grant Funds	58,000	
Capital Improvements	55,148	385,906
Total Grants received with Donor Restrictions	153,943	416,639
Appropriated for expenditure during the year		
Food / Other Purchases	(40,034)	(40,395)
Personnel	-	(3,793)
Facilities and Equipment	(276,304)	(57,995)
Total appropriated for expenditure during the year	(316,338)	(102,183)
Ending Balance	\$ 214,493	\$ 376,888

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 11 LIQUIDITY AND AVAILABILITY

The Organization has the following financial assets available to meet cash needs for general operating expenditures within one year as of June 30, 2022 and 2021:

	2022	2021
Cash (Checking, Savings)	\$ 657,099	\$ 1,001,158
<i>Less: Designated for Capital Projects</i>		
Donor Designated	<u>(218,903)</u>	<u>(365,184)</u>
	(218,903)	(365,184)
Total	<u>\$ 438,196</u>	<u>\$ 635,974</u>

The Organization monitors its cash position on a regular basis to ensure that adequate funds are available for general expenditures. As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in money market bank accounts.