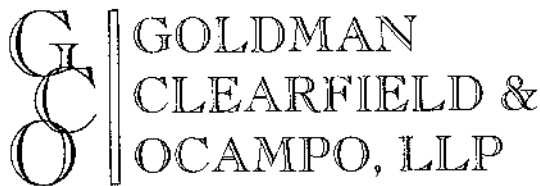


**THE SALEM PANTRY, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
The Salem Pantry, Inc.  
Salem, MA

We have audited the accompanying financial statements of The Salem Pantry, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and 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 Salem Pantry, Inc. as of December 31, 2021 and 2020 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 Salem Pantry, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Salem Pantry, Inc.'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 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 Salem Pantry, Inc.'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 Salem Pantry, Inc.'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.

*Goldman, Clearfield + Campo, LLP.*

Columbia, MD

June 1, 2022

**THE SALEM PANTRY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 481,565	\$ 346,567
Grants Receivable	11,775	128,530
Other Receivable	6,931	16,165
Prepaid Expenses	12,543	4,587
Machinery and Equipment, Net	214,746	183,816
Deposits	<u>3,230</u>	<u>1,426</u>
<b>TOTAL ASSETS</b>	<u>\$ 730,790</u>	<u>\$ 681,091</u>
 <b>LIABILITIES</b>		
Accounts Payable	\$ 16,657	\$ 8,473
Note Payable	-	5,672
Line of Credit	<u>-</u>	<u>75,000</u>
<b>TOTAL LIABILITIES</b>	<u>16,657</u>	<u>89,145</u>
 <b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	662,847	419,230
Board Designated	<u>46,286</u>	<u>46,216</u>
Total Without Donor Restrictions	709,133	465,446
With Donor Restrictions	<u>5,000</u>	<u>126,500</u>
<b>TOTAL NET ASSETS</b>	<u>714,133</u>	<u>591,946</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u>\$ 730,790</u>	 <u>\$ 681,091</u>

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

**THE SALEM PANTRY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

<b>CHANGES IN NET ASSETS</b>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions - Cash	\$ 496,356	73,349	\$ 569,705
Contributions - Noncash	1,588,392	-	1,588,392
Fees for Service	1,725	-	1,725
Investment Income	25	-	25
Debt Forgiveness	5,672	-	5,672
Net Assets Released from Restrictions	194,849	(194,849)	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<u>2,287,019</u>	<u>(121,500)</u>	<u>2,165,519</u>
<b>EXPENSES</b>			
Program Services	1,909,947	-	1,909,947
Management and General	65,890	-	65,890
Fundraising	67,495	-	67,495
<b>TOTAL EXPENSES</b>	<u>2,043,332</u>	<u>-</u>	<u>2,043,332</u>
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	243,687	(121,500)	122,187
<b>NET ASSETS - BEGINNING</b>	<u>465,446</u>	<u>126,500</u>	<u>591,946</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 709,133</u>	<u>\$ 5,000</u>	<u>\$ 714,133</u>

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

**THE SALEM PANTRY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b>CHANGES IN NET ASSETS</b>			
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions - Cash	\$ 513,240	\$ 187,430	\$ 700,670
Contributions - Noncash	1,244,148	-	1,244,148
Investment Income	45	-	45
Net Assets Released from Restrictions	63,430	(63,430)	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<u>1,820,863</u>	<u>124,000</u>	<u>1,944,863</u>
<b>EXPENSES</b>			
Program Services	1,433,148	-	1,433,148
Management and General	27,711	-	27,711
Fundraising	23,135	-	23,135
<b>TOTAL EXPENSES</b>	<u>1,483,994</u>	<u>-</u>	<u>1,483,994</u>
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	336,869	124,000	460,869
<b>NET ASSETS - BEGINNING</b>	<u>128,577</u>	<u>2,500</u>	<u>131,077</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 465,446</u>	<u>\$ 126,500</u>	<u>\$ 591,946</u>

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

**THE SALEM PANTRY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Advertising	\$ 460	\$ -	\$ 210	\$ 670
Computer and Internet	5,913	3,807	4,492	14,212
Depreciation	35,563	-	-	35,563
Dues, Subscriptions, & Licenses	657	1,229	105	1,991
Food	1,598,757	-	-	1,598,757
Insurance	10,911	643	346	11,900
Interest, Bank, & Credit Card Fees	30	564	3,685	4,279
Miscellaneous	-	114	1,600	1,714
Office Expense	91	5,596	3,157	8,844
Payroll, Payroll Taxes, & Employee Benefits	192,488	18,385	40,832	251,705
Postage and Shipping	555	169	3,079	3,803
Professional Fees	344	31,207	5,011	36,562
Program Supplies	5,495	-	-	5,495
Rent and Utilities	37,930	3,584	4,978	46,492
Repairs and Maintenance	5,722	443	-	6,165
Travel and Entertainment	114	149	-	263
Vehicle	14,917	-	-	14,917
	<u>\$ 1,909,947</u>	<u>\$ 65,890</u>	<u>\$ 67,495</u>	<u>\$ 2,043,332</u>

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



**THE SALEM PANTRY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Advertising	\$ -	\$ -	\$ 1,242	\$ 1,242
Computer and Internet	2,987	3,128	709	6,824
Depreciation	4,689	-	-	4,689
Dues, Subscriptions, & Licenses	366	417	-	783
Food	1,251,756	-	-	1,251,756
Insurance	1,982	-	-	1,982
Interest, Bank, & Credit Card Fees	290	269	3,040	3,599
Miscellaneous	-	220	-	220
Office Expense	-	3,297	3,136	6,433
Payroll, Payroll Taxes, & Employee Benefits	124,011	6,088	11,892	141,991
Postage and Shipping	792	411	3,116	4,319
Professional Fees	1,066	13,410	-	14,476
Program Supplies	7,542	-	-	7,542
Rent and Utilities	18,287	-	-	18,287
Repairs and Maintenance	7,703	-	-	7,703
Travel and Entertainment	40	471	-	511
Vehicle	11,637	-	-	11,637
	<u>\$ 1,433,148</u>	<u>\$ 27,711</u>	<u>\$ 23,135</u>	<u>\$ 1,483,994</u>

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

**THE SALEM PANTRY, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Net Assets	\$ 122,187	\$ 460,869
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	35,563	4,689
Debt Forgiveness	(5,672)	-
(Increase) Decrease in:		
Grants Receivable	116,755	(123,530)
Other Receivables	9,234	(11,888)
Prepaid Expenses	(7,956)	(3,211)
Deposits	(1,804)	(1,426)
Increase in:		
Accounts Payable	<u>8,184</u>	<u>7,752</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>276,491</u>	<u>333,255</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Machinery and Equipment	<u>(66,493)</u>	<u>(186,314)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(66,493)</u>	<u>(186,314)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Note Payable	-	5,672
(Repayments of) Proceeds from Line of Credit	<u>(75,000)</u>	<u>75,000</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(75,000)</u>	<u>80,672</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	134,998	227,613
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>346,567</u>	<u>118,954</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 481,565</u>	<u>\$ 346,567</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u>\$ 420</u>	<u>\$ 122</u>

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

**THE SALEM PANTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization:

The Salem Pantry, Inc. (the Organization) was incorporated in 2004 under the laws of Massachusetts as a non-profit organization and is exempt from income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code.

The Organization's primary purpose is to work collaboratively to empower diverse local and regional communities by ensuring the essential right to convenient and reliable access to healthy food. Significant sources of revenue are from contributions and grants from individuals, private and community foundations supportive of the Organization's mission. The Organization also receives donations of food from various sources.

Income Taxes:

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended December 31, 2021, 2020 and 2019 are subject to examination, generally for three years after they were filed.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization does not have any income from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Subsequent Events:

In the normal course of preparing the Organization's financial statements, management reviews events that occur after the statement of financial position dated December 31, 2021 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through June 1, 2022, which is the date the financial statements were available to be issued.

Method of Accounting:

The Organization's financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**THE SALEM PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**  
**(CONTINUED)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. As of December 31, 2021 and 2020, the Organization had no cash equivalents.

Receivables:

Receivables that are expected to be collected within one year are recorded at net realizable value. Receivables expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the assets. In subsequent years, amortization of the discounts is included in grants and contributions revenue in the statement of activities. All receivables at December 31, 2021 are expected to be collected within one year.

The Organization determines the allowance for uncollectible accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible. There was no allowance for uncollectible receivables at December 31, 2021 and 2020.

Financial Statement Presentation:

The net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of The Salem Pantry, Inc.'s management and board of directors.

*Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Salem Pantry, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**THE SALEM PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**  
**(CONTINUED)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Machinery and Equipment:

Machinery and equipment are carried at cost. The Organization has a policy of capitalizing its assets with a useful life of one year or more and a cost basis of \$1,000. Depreciation of machinery and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	<u>YEARS</u>
Computers	5
Machinery and Other Equipment	5 - 15
Vehicles	5
Leasehold Improvements	30

Revenue Recognition:

Contributions, including grants, are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Advertising Costs:

Advertising Costs are expensed when incurred. Total advertising costs for the year ended December 31, 2021 and 2020 were \$670 and \$1,242, respectively.

New Accounting Pronouncement:

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 was issued to clarify and improve the guidance in GAAP for distinguishing transactions that are contributions from those that are exchange transactions. The ASU also provides guidance for determining if a contribution is conditional. The amendments in ASU 2018-08 address these matters for both contributions received (income or revenue) and contributions made (expense). The Organization has determined there is no impact in the presentation of these statements when applying ASU 2018-08.

**THE SALEM PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**  
**(CONTINUED)**

**NOTE B – AVAILABILITY AND LIQUIDITY**

As of December 31, 2021, the Organization has \$448,985 of financial assets available within one year of the balance sheet date to meet cash needs for expenditures, consisting of cash of \$435,279, grants receivable of \$6,775, and other receivables of \$6,931. As of December 31, 2020, the Organization has \$318,546 of financial assets available within one year of the balance sheet date to meet cash needs for expenditures, consisting of cash of \$294,351, grants receivable of \$8,030, and other receivables of \$16,165. The receivables are subject to implied time restrictions but are expected to be collected within one year. The Organization's practice is generally to maintain financial assets to meet six month's worth of operating expenses.

**NOTE C – FUNCTIONAL EXPENSES**

The Organization allocates expenses on a functional basis among its program and supporting services. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis and are composed of the following:

*Management and general* – includes all activities related to the Organization's internal management and accounting for program services.

*Fundraising* – includes the activities related to maintaining contributor information, operating events, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain indirect costs have been allocated among the programs and supporting services benefited based on actual time worked on the different projects.

Allocations of functional expenses are based on management's discretion and estimates. These variables may change from year to year. As a result, there may be fluctuation in the comparative presentation of data from year to year.

**NOTE D – NONCASH CONTRIBUTIONS**

Donations of noncash items are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

**THE SALEM PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**  
**(CONTINUED)**

NOTE D – NONCASH CONTRIBUTIONS (CONTINUED)

Volunteers contribute significant amounts of time to the Organization’s program services, administration, and fundraising and development activities. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP. For the year ended December 31, 2021, approximately 325 volunteers contributed an estimated 7,200 volunteer hours to the Organization.

NOTE E – MACHINERY AND EQUIPMENT, NET

Major classifications of machinery and equipment are summarized as follows:

	<u>2021</u>	<u>2020</u>
Computer Equipment	\$ 4,131	\$ 4,131
Machinery and Other Equipment	155,428	119,294
Furniture	6,702	-
Vehicles	72,869	49,212
Leasehold Improvements	15,868	15,868
Less: Accumulated Depreciation	<u>(40,252)</u>	<u>(4,689)</u>
	<u>\$ 214,746</u>	<u>\$ 183,816</u>

Total depreciation expense was \$35,563 and \$4,689 for the years ended December 31, 2021 and 2020, respectively.

NOTE F – LINE OF CREDIT

The Organization had a \$128,000 line of credit arrangement with SalemFive Bank. Interest was payable at the bank’s prime rate, presently 3.25%. The maturity date was May 1, 2021. As of December 31, 2020, the outstanding balance on the line of credit was \$75,000. The balance was fully repaid during the current year. Interest expense related to the line of credit was \$420 and \$122 for the years ended December 31, 2021 and 2020, respectively.

**THE SALEM PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**  
**(CONTINUED)**

**NOTE G – CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash deposits at one bank. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31 2021 and 2020, the Organization had \$204,598 and \$90,827, respectively, in excess of the FDIC limit.

**NOTE H – NOTE PAYABLE**

On April 29, 2020, the Organization entered into a note agreement (the Note) with the Small Business Administration (SBA) in the amount of \$5,672, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Note bears interest at 1% and is due April 28, 2022. The Note may be prepaid at any time prior to maturity with no prepayment penalties. Funds from the Note may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization used the entire Note amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Note may be forgiven if they are used for qualifying expenses as described in the CARES Act. The loan was forgiven in full during the current year.

**NOTE I – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Commonwealth of Massachusetts	\$ -	\$ 120,500
City of Salem	5,000	-
Program Supplies	-	1,500
Transportation Costs	-	1,500
Food Purchases	-	<u>3,000</u>
	<u>\$ 5,000</u>	<u>\$ 126,500</u>



**THE SALEM PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**  
**(CONTINUED)**

**NOTE J – LEASING COMMITMENTS**

In April 2020, the Organization entered into an agreement to lease storage space until April 30, 2023. The initial monthly charge is \$1,426 through April 2021, with annual increases thereafter as per the lease agreement. In addition, the Organization may be liable for additional charges under the agreement such as real estate tax reimbursements. Total rent expense related to this agreement was \$18,348 and \$11,997 for the years ended December 31, 2021 and 2020, respectively.

In January 2021, the Organization entered into a lease agreement for office space commencing February 1, 2021 through April 30, 2023. The initial monthly charge is \$1,804 through January 31, 2022, with annual increases thereafter as per the lease agreement. Total rent expense related to this agreement was \$19,907 and \$-0- for the years ended December 31, 2021 and 2020, respectively.

**NOTE J – LEASING COMMITMENTS (CONTINUED)**

The following is a schedule of minimum rental payments due under both leases as of December 31, 2021:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2022	\$ 40,703
2023	<u>13,668</u>
	<u>\$ 54,371</u>

**NOTE K – CONTINGENCIES**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States. The Organization could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the business, financial condition, and results of operations will depend on future developments, which are uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Organization cannot predict the extent to which the financial condition and results of operations will be affected.