

GOD'S LOVE WE DELIVER, INC.

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2017

GOD'S LOVE WE DELIVER, INC.

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Independent Auditor's Report

**Board of Directors
God's Love We Deliver, Inc.**

Report on the Financial Statements

We have audited the accompanying financial statements of God's Love We Deliver, Inc., which comprise the balance sheet as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of God's Love We Deliver, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited God's Love We Deliver, Inc.'s June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 22, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Loeb & Troper LLP

December 13, 2017

GOD'S LOVE WE DELIVER, INC.

BALANCE SHEET

JUNE 30, 2017

(With Summarized Financial Information for June 30, 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 1,250,438	\$ 6,643,166
Investments (Note 3)	6,612,344	2,600,903
Contributions receivable (Note 4)		
Expansion campaign	\$ 714,207	
Other	405,103	2,577,107
Receivable - Airvana L. P.	<u>403,379</u>	672,299
Accounts receivable		
Government agencies	1,153,029	
Other (less allowance for doubtful accounts of \$46,500 in 2017 and 2016)	<u>312,882</u>	840,829
Bequest receivable	663,833	500,000
Tax refund receivable	361,301	361,301
Prepaid expenses and other current assets	249,896	373,062
Inventory	21,824	128,378
Fixed assets - net (Note 5)	<u>31,664,690</u>	<u>33,262,898</u>
Total assets	<u>\$ 43,812,926</u>	<u>\$ 47,959,943</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 450,467	\$ 424,020
Accrued payroll and related liabilities	336,488	483,546
Deferred revenue	15,666	35,467
Construction costs payable (Note 9)	733,531	2,505,631
Construction bridge loan payable (Note 10)	<u>2,741,994</u>	<u>4,078,713</u>
Total liabilities	<u>4,278,146</u>	<u>7,527,377</u>
Net assets (Exhibit B)		
Unrestricted	38,693,865	39,437,281
Temporarily restricted (Note 8)	<u>840,915</u>	<u>995,285</u>
Total net assets	<u>39,534,780</u>	<u>40,432,566</u>
Total liabilities and net assets	<u>\$ 43,812,926</u>	<u>\$ 47,959,943</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

GOD'S LOVE WE DELIVER, INC.

EXHIBIT B

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017
(With Summarized Financial Information
for the Year Ended June 30, 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	
Revenues, gains, losses and other support				
Government grants	\$ 2,486,305		\$ 2,486,305	\$ 2,290,795
Contributions				
Foundations and corporations	1,273,356	\$ 1,130,914	2,404,270	2,073,560
Individuals	2,110,543	57,113	2,167,656	2,057,628
Direct mail campaigns	658,265	3,525	661,790	578,844
Bequests	691,777		691,777	826,986
Managed care program	2,708,601		2,708,601	2,243,371
Special events revenues	4,611,308	350,000	4,961,308	3,783,618
Direct costs of special events	(1,086,576)		(1,086,576)	(545,696)
Catalog sales	33,448		33,448	27,417
Cost of goods sold - catalog sales				
Goods purchased	(4,186)		(4,186)	(4,900)
Donated materials (Note 6)*	16,300		16,300	719
Investment income (Note 3)	70,973		70,973	79,063
Space rental	142,905		142,905	67,531
Miscellaneous (including cookbook sales)	197,516		197,516	37,588
Net assets released from restriction (Note 8)	1,695,409	(1,695,409)		
	<u>15,605,944</u>	<u>(153,857)</u>	<u>15,452,087</u>	<u>13,516,524</u>
 Total revenues, gains, losses and other support				
Expenses (Exhibit C)				
Program services				
Meal preparation	6,383,940		6,383,940	5,666,239
Delivery services	3,249,909		3,249,909	3,203,802
Client services	483,684		483,684	468,036
Policy and planning	399,706		399,706	395,201
Program coordination	958,481		958,481	953,206
Nutrition education and counseling	860,485		860,485	881,154
Volunteer recruitment and recognition	539,554		539,554	513,366
	<u>12,875,759</u>		<u>12,875,759</u>	<u>12,081,004</u>

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GOD'S LOVE WE DELIVER, INC.

EXHIBIT B

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STATEMENT OF ACTIVITIES

**YEAR ENDED JUNE 30, 2017
(With Summarized Financial Information
for the Year Ended June 30, 2016)**

	2017			2016
	Unrestricted	Temporarily Restricted	Total	
Expenses (Exhibit C) (continued)				
Supporting services				
Management and general	\$ 1,048,185		\$ 1,048,185	\$ 841,551
Fund raising	3,073,880		3,073,880	1,901,665
Total supporting services	<u>4,122,065</u>		<u>4,122,065</u>	<u>2,743,216</u>
Total expenses	<u>16,997,824</u>		<u>16,997,824</u>	<u>14,824,220</u>
Change in net asset from operations	(1,391,880)	\$ (153,857)	(1,545,737)	(1,307,696)
Building expansion campaign				
Donated services (Note 6)	28,975		28,975	52,804
Contributions				137,304
Government grants - New York City capital allocation		618,976	618,976	156,752
Expense - fund raising relating to expansion campaign (Exhibit C)				(52,989)
Gain on investments - donated securities				521,024
Federal and state income tax refund				231,000
Net assets released from restrictions (Note 8)	<u>619,489</u>	<u>(619,489)</u>		
Change in net assets (Exhibit D)	(743,416)	(154,370)	(897,786)	(261,801)
Net assets - beginning of year	<u>39,437,281</u>	<u>995,285</u>	<u>40,432,566</u>	<u>40,694,367</u>
Net assets - end of year (Exhibit A)	<u>\$ 38,693,865</u>	<u>\$ 840,915</u>	<u>\$ 39,534,780</u>	<u>\$ 40,432,566</u>

* Donated service revenues and expenses of \$2,760,560 and \$2,429,905 for 2017 and 2016, respectively, are not recorded in these statements (see Note 6).

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

(With Summarized Financial Information
for the Year Ended June 30, 2016)

	Program Services							Supporting Services				Total		
	Meal Preparation	Delivery Services	Client Services	Policy and Planning	Program Coordination	Nutrition Education and Counseling	Volunteer Recruitment and Recognition	Total	Management and General	Fund Raising	Special Events and Catalog Sales	Total	2017	2016
Salaries	\$ 1,294,259	\$ 1,129,032	\$ 268,310	\$ 160,564	\$ 573,273	\$ 542,180	\$ 284,213	\$ 4,251,831	\$ 481,471	\$ 913,047	\$ 1,394,518	\$ 5,646,349	\$ 5,113,280	
Employee benefits and payroll taxes	582,937	551,000	97,082	50,129	160,143	202,292	116,756	1,760,339	111,372	270,049	381,421	2,141,760	1,935,626	
Temporary services	116,855	103,232	594	249	616	1,217	829	223,592	2,184	1,555	3,739	227,331	247,710	
Professional fees	25,264	19,122	3,417	114,391	73,091	6,187	14,122	255,594	44,838	802,460	847,298	1,102,892	379,153	
Donated services (Note 6)										28,975	28,975	28,975	52,804	
Food costs	2,506,841							2,506,841				2,506,841	2,294,967	
Meal containers	436,110							436,110				436,110	339,425	
Kitchen supplies and maintenance	143,551							143,551		230	230	143,781	122,996	
Vehicle expenses		474,528						474,528				474,528	462,969	
Occupancy	262,495	119,901	13,088	5,480	13,574	26,815	18,305	459,658	48,101	37,960	86,061	545,719	427,325	
Telephone and internet	3,403	27,361	8,979	2,286	5,364	9,179	5,654	62,226	9,335	9,810	19,145	81,371	65,050	
Office expenses and supplies	6,533	1,922	36,408	424	7,752	2,836	1,962	57,837	4,284	4,690	8,974	66,811	51,360	
Minor equipment, repair and maintenance	132,581	53,254	17,020	4,428	10,413	22,185	16,943	256,824	37,234	38,712	75,946	332,770	240,505	
Insurance	57,389	45,116	1,871	856	2,854	2,463	3,891	114,440	11,732	23,797	35,529	149,969	114,547	
Staff training, conferences and related costs	18,044	11,133	3,698	48,495	16,805	11,426	2,563	112,164	15,732	49,180	64,912	177,076	173,359	
Volunteer recognition	4,315	1,898	512	253	2,316	679	27,844	37,817	4,040	702	4,742	42,559	50,133	
Outreach and communication			500	2,457	17,803		2,374	23,134		116,854	116,854	139,988	115,166	
Printing	916	446	6,119	1,020	37,109	1,821	655	48,086	613	489,327	489,940	538,026	346,008	
Venue, catering and other direct event expenses											\$ 1,086,576	1,086,576	1,086,576	
Direct cost of catalog sales														
Goods purchased											4,186	4,186	4,900	
Postage	2,093	920	7,959	420	5,655	5,212	624	22,883	4,321	93,921	98,242	121,125	130,162	
Credit card and mailing list fees										125,943	125,943	125,943	102,476	
Interest (Note 10)									147,941		147,941	147,941	143,105	
Depreciation	785,477	709,015	17,611	7,896	30,368	25,339	42,424	1,618,130	21,206	31,190	52,396	1,670,526	1,837,214	
Bad debt expense									96,869		96,869	96,869	89,902	
Other expenses	4,877	2,029	516	358	1,345	654	395	10,174	6,912	35,478	42,390	52,564	41,967	
Total expenses	6,383,940	3,249,909	483,684	399,706	958,481	860,485	539,554	12,875,759	1,048,185	3,073,880	1,090,762	5,212,827	18,088,586	15,427,805
Less expenses deducted directly from revenues														
Direct cost of catalog sales											(4,186)	(4,186)	(4,186)	(4,900)
Direct costs of special events											(1,086,576)	(1,086,576)	(1,086,576)	(545,696)
Expansion campaign expense														(52,989)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 6,383,940	\$ 3,249,909	\$ 483,684	\$ 399,706	\$ 958,481	\$ 860,485	\$ 539,554	\$ 12,875,759	\$ 1,048,185	\$ 3,073,880	\$ -	\$ 4,122,065	\$ 16,997,824	\$ 14,824,220

See independent auditor's report.

The accompanying notes are an integral part of these statements.

GOD'S LOVE WE DELIVER, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (897,786)	\$ (261,801)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,670,526	1,837,214
Gain on investments	(9,773)	(32,932)
Decrease (increase) in assets		
Contributions receivable	170,937	36,167
Receivable - sale of air rights		1,338,350
Accounts receivable	(625,082)	117,773
Bequest receivable	(163,833)	(500,000)
Tax refund receivable		(231,000)
Prepaid expenses and other current assets	123,166	(113,610)
Inventory	106,554	(128,378)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	26,447	(215,810)
Accrued payroll and related liabilities	(147,058)	105,869
Deferred revenue	(19,801)	35,467
Net cash provided by operating activities	<u>234,297</u>	<u>1,987,309</u>
Cash flows from investing activities		
Purchase of investments	(9,737,142)	(1,304,793)
Proceeds from sale of investments	5,735,474	5,410,772
Proceeds from sale of investment in Airvana L.P.	268,920	
Fixed asset acquisitions	(72,318)	(1,589,169)
Construction costs paid	(1,772,100)	(1,240,544)
Net cash provided (used) by investing activities	<u>(5,577,166)</u>	<u>1,276,266</u>
Cash flows from financing activities		
Repayment of construction bridge loan	(1,336,719)	
Proceeds from contributions restricted for long term use	1,286,860	2,110,432
Net cash provided (used) by financing activities	<u>(49,859)</u>	<u>2,110,432</u>
Net change in cash	(5,392,728)	5,374,007
Cash - beginning of year	<u>6,643,166</u>	<u>1,269,159</u>
Cash - end of year	<u>\$ 1,250,438</u>	<u>\$ 6,643,166</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 147,941</u>	<u>\$ 143,105</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

GOD’S LOVE WE DELIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - NATURE AND PURPOSES OF THE ORGANIZATION

God’s Love We Deliver, Inc. (the “Organization” or “God’s Love”) is a not-for-profit entity located in New York City whose mission is to improve the health and well-being of men, women and children living with HIV/AIDS, cancer and other life-altering illnesses by alleviating hunger and malnutrition. God’s Love prepares and delivers nutritious, high-quality meals to people who, because of their illness, are unable to provide or prepare meals for themselves. The meals are individually tailored to meet each client’s specific medical needs. God’s Love also provides illness-specific nutrition education and counseling to its clients, their families and care providers and to other service organizations. All of the services of God’s Love are provided free of charge to clients in all five boroughs of New York City, in Hudson County, New Jersey and in Westchester and Nassau Counties in New York State.

As a not-for-profit organization God’s Love is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a).

The Organization is supported primarily by government grants, revenue from managed care programs, contributions from individuals, foundations and corporations and revenue from special events.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Reclassification - Interest expense relating to the building expansion campaign which was previously excluded from the measure of operations is now being included in the measure of operations to conform to current year presentation.

Investments - Investments are recorded at fair value.

GOD'S LOVE WE DELIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. God's Love has determined that no allowance is necessary as of June 30, 2017.

Accounts receivable and allowance for doubtful accounts (including government agencies and managed care program) - The Organization records receivables based on established rates or contracts for services provided. Bad debt expense is charged if the receivable is determined to be uncollectible based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the receivable, a review of payments subsequent to year end, and other factors. The Organization does not charge interest on outstanding receivables. There was no allowance for doubtful accounts on receivables due from government agencies as of June 30, 2017.

Due from Airvana L.P. - The interest in Airvana L.P. (a donated security) was sold during the year ended June 30, 2016. A balance was held in escrow for winddown costs and certain indemnity obligations of the liquidation. This balance held is expected to be released during fiscal year 2018.

Inventory - Inventory is recorded at the lower of cost (first-in, first-out method) or market.

Fixed assets and depreciation - Fixed assets costing in excess of \$2,500 with an estimated useful life of greater than one year are capitalized. Depreciation is calculated by use of the straight-line method over the estimated useful lives of the assets.

Deferred revenue - The portion of charges collected in advance but not yet earned, for space rental and cookbook sales, is reflected as deferred revenue. Deferred revenue is generally earned within one year.

Net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use has been restricted by donors to a specific time period or purpose.

Revenues from government agencies - Revenues from government agencies are recognized when earned. Expense-based grants are recognized as allowable expenses are incurred. Performance-based grants are recognized as milestones are achieved. Laws and regulations related to government programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from the government programs.

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GOD'S LOVE WE DELIVER, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as temporarily or permanently restricted support 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, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Bequests - Bequests are recorded as revenue at the time an unassailable right to the gift has been established and the proceeds are measurable.

Special events - The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenues in the accompanying statement of activities.

Managed care program - Managed care program revenue is recorded based on the number of meals delivered to clients of long-term managed care providers.

Cost of goods sold - Cost of goods sold includes the cost of inventory sold during the period net of rebates, cost incurred to return merchandise to vendors, and inventory shrinkage costs.

Functional expenses - The costs of providing the Organization's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Measure of operations - The financial statements of the Organization include results from operations as the performance indicator. Excluded from the performance indicator is the building expansion campaign.

Summarized financial information for 2016 - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived. Space rental revenues were segregated from miscellaneous revenues for 2016 to conform with the current year presentation.

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GOD'S LOVE WE DELIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at June 30, 2017 as compared to that used at June 30, 2016.

Mutual funds - Valued at the net asset value (NAV) of shares held at year end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The assets at fair value as of June 30, 2017 are set forth by level and type within the fair value hierarchy in Note 3.

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GOD'S LOVE WE DELIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertainty in income taxes - The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2014 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through December 13, 2017, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

The following table sets forth by level and type the assets at fair value at June 30, 2017 within the fair value hierarchy:

	<u>Level 1</u>
Mutual funds	
Money market	\$ 987,752
U.S. equity	200,674
International equity	135,060
Fixed income	<u>5,288,858</u>
Total investments	<u>\$ 6,612,344</u>

Investment income consists of the following:

Interest and dividends	\$ 61,200
Realized and unrealized gain on investments	<u>9,773</u>
	<u>\$ 70,973</u>

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the Organization's financial statements.

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GOD'S LOVE WE DELIVER, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable for on-going operations and the expansion campaign have been recorded at fair value. Those receivables that are due in more than one year have been discounted to their present value using a discount rate of 4% as follows:

2018	\$ 996,527
2019	52,000
2020	41,000
2021	20,000
2022	<u>20,000</u>
	1,129,527
Less discount to present value	<u>(10,217)</u>
Present value of contributions receivable	<u>\$ 1,119,310</u>

Four contributions receivable totaling \$791,000 represent a significant portion of the total contributions receivable as of June 30, 2017.

NOTE 5 - FIXED ASSETS

Fixed assets consist of the following:

		<u>Estimated Useful Lives</u>
Land	\$ 32,500	
Building and building improvements	35,219,055	2-31.5 years
Office furniture and fixtures	298,203	5 years
Delivery vehicles	1,276,554	5 years
Kitchen equipment	10,285	5-10 years
Computers and peripherals	<u>1,367,994</u>	5 years
	38,204,591	
Less accumulated depreciation	<u>(6,539,901)</u>	
	<u>\$ 31,664,690</u>	

The Organization owns its building at 166 Avenue of the Americas. The property is encumbered with restricted use covenants particular to the mission of the Organization.

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GOD'S LOVE WE DELIVER, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 6 - DONATED SERVICES AND MATERIALS**

The Organization depends on approximately 10,000 volunteers a year to carry out its mission, especially with regard to meal preparation and delivery. In fiscal 2017, individuals and corporate groups contributed over 120,000 hours of volunteer service valued at \$2,537,560. Without these volunteers, God's Love would have to hire paid staff to fulfill its mission. That would have increased salary, payroll tax and fringe benefit expenses.

In addition, throughout the year, the Board of Directors, Board of Trustees and others act in an advisory capacity on program, financial and fundraising matters. These individuals also assume additional duties with regard to events, building expansion and special projects. The Organization estimates that the value of this service was \$223,000 in fiscal year 2017.

The value of service contributed by volunteers and advisors is not reflected in these financial statements because the service provided does not meet the criteria for recognition under Generally Accepted Accounting Principles.

Contributions of services are recognized when they are received if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization received contributed legal services related to the expansion campaign and for management related matters. During fiscal year 2017, the value of contributed legal and other professional services recognized as revenues and expenses in the accompanying financial statements was \$28,975.

The fair value of donated materials was as follows:

Donated materials	\$ <u>16,300</u>
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Donated materials were used for catalog sales or for auctions at events.

GOD'S LOVE WE DELIVER, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 7 - RETIREMENT PLAN**

Effective July 1, 1998, the Organization implemented for eligible employees a tax-sheltered annuity retirement plan in accordance with Section 403(b) of the Internal Revenue Code (the "Plan"). The Plan covers all full-time employees. Part-time employees who work a minimum of twenty hours per week are eligible to participate for the sole purpose of making contributions to the Plan. Employee contributions are voluntary and are determined on an individual basis, limited to the maximum amount allowable under federal tax regulations. All investment options are employee-directed. Both employee and employer contributions (and the related earnings) are fully and immediately vested. In addition, all employee contributions made to the Plan were matched in each pay period by the Organization in amounts up to 2% of total compensation. Furthermore, the Organization may make a year-end discretionary contribution to the Plan for all full-time employees who have completed a minimum of one thousand hours of service during the year in question and are still employed at the Organization at fiscal year-end. Employees are not required to make voluntary contributions to the Plan in order to receive the employer's annual contribution. The annual contribution to the Plan is determined by the Board of Directors. For fiscal year 2017, eligible employees received a discretionary contribution of 2% of their total earnings. Pension expense for the year ended June 30, 2017 was \$180,183. The pension expense includes both the match in each pay period and the year-end discretionary contribution.

God's Love also sponsors a 457(b) Plan. As of June 30, 2017, the liability was \$40,066, which is included in accounts payable and accrued expenses on the balance sheet. There were no contributions for the year ended June 30, 2017.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 were available for the following activities:

Volunteer cultivation	\$ 83,332
Meal preparation	256,333
Delivery services	50,000
Publication	251,250
Love Rocks NYC	<u>200,000</u>
	<u>\$ 840,915</u>

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GOD'S LOVE WE DELIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS (continued)

Net assets released from restrictions during the fiscal year consist of the following:

Building expansion		\$ 619,489
Other than building expansion		
Volunteer cultivation	\$ 151,376	
Staff training	3,714	
Meal preparation	851,501	
Delivery services	225,000	
Nutrition education and counseling	4,129	
Information technology enhancements	39,317	
Advocacy	278,750	
Publication	<u>141,622</u>	<u>1,695,409</u>
		<u>\$ 2,314,898</u>

NOTE 9 - CONSTRUCTION COMMITMENT

The Organization entered into a construction contract for work that has been completed and totaled \$27,258,950 as of June 30, 2017. The construction covered renovation and expansion of the building, construction management, commercial kitchen and miscellaneous equipment. God's Love paid \$26,525,419 to the contractor as of June 30, 2017, leaving a balance of \$733,531.

NOTE 10 - CONSTRUCTION BRIDGE LOAN PAYABLE

God's Love financed its expansion with both private and public funds. Private funds include pledges to a capital campaign that will be paid over several years. God's Love receives funds from the public commitment on a reimbursement basis after paying its vendors.

To bridge the conversion of the private and public commitments to cash, God's Love borrowed \$4,078,713 from M&T Bank. The loan matures in October 2018 and bears a floating interest rate based on one month LIBOR plus 325 basis points on the loan (4.25% at June 30, 2017). Repayment is interest-only on a monthly basis with principal payments due upon receipt of private and public funds. God's Love repaid \$1,336,719 during fiscal year 2017 and expects to repay the remaining balance of \$2,741,994 by October 2018. Interest expense for the year ended June 30, 2017 was \$147,941.

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GOD'S LOVE WE DELIVER, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 11 - JOINT COSTS**

The Organization has allocated joint costs (for informational materials and activities that include fundraising appeals) among program and supporting services as follows:

Program	\$ 39,558
Fundraising	<u>39,558</u>
	\$ <u>79,116</u>

The portion of cost allocated to program activities consists of that component of mailings that contain information about the Organization and the types of actions an individual may take with regard to a specific issue. Development is that component of joint costs associated with asking for contributions. Additional fund raising activities that included program information were not eligible for allocation under generally accepted accounting principles and were treated exclusively as development expense.

NOTE 12 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash accounts in financial institutions which, from time to time, exceed federal insurance limits.

NOTE 13 - RELATED-PARTY TRANSACTIONS

During fiscal year 2017, the Organization paid legal fees of \$8,454 to a law firm for counsel regarding items related to the expansion campaign. One of the members of the Board of Directors of the Organization is a retired partner of the firm.