

God's Love We Deliver, Inc.

Independent Auditor's Report and Financial Statements

June 30, 2018

God's Love We Deliver, Inc.

June 30, 2018

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Independent Auditor's Report

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

We have audited the accompanying financial statements of God's Love We Deliver, Inc., which comprise the balance sheet as of June 30, 2018, 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, 2018, 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.

Prior Year Audited by Other Auditors and Summarized Comparative Information

The 2017 financial statements were audited by other auditors and their report thereon, dated December 13, 2017, expressed an unmodified opinion. The summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent with the audited financial statements from which it has been derived.

BKD, LLP

New York, New York
November 1, 2018

God's Love We Deliver, Inc.

Balance Sheet

June 30, 2018

(With Summarized Financial Information for June 30, 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Cash	\$ 1,077,340	\$ 1,250,438
Investments	6,217,757	6,612,344
Contributions receivable		
Expansion campaign	\$ 582,564	
Other	<u>256,363</u>	1,119,310
Receivable - Airvana L. P.	10,000	403,379
Accounts receivable		
Government agencies	896,657	
Other (less allowance for doubtful accounts of \$15,000 in 2018 and \$46,500 in 2017)	<u>444,635</u>	1,465,911
Bequest receivable	50,000	663,833
Tax refund receivable	241,741	361,301
Prepaid expenses and other current assets	425,901	249,896
Inventory	5,440	21,824
Fixed assets - net	<u>30,314,804</u>	<u>31,664,690</u>
 Total assets	 <u>\$ 40,523,202</u>	 <u>\$ 43,812,926</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 677,801	\$ 450,467
Accrued payroll and related liabilities	353,846	336,488
Deferred revenue	18,600	15,666
Construction costs payable	-	733,531
Construction bridge loan payable	-	2,741,994
Total liabilities	<u>1,050,247</u>	<u>4,278,146</u>
 Net Assets		
Unrestricted	39,015,886	38,693,865
Temporarily restricted	<u>457,069</u>	<u>840,915</u>
Total net assets	<u>39,472,955</u>	<u>39,534,780</u>
 Total liabilities and net assets	 <u>\$ 40,523,202</u>	 <u>\$ 43,812,926</u>

God's Love We Deliver, Inc.
Statement of Activities
Year Ended June 30, 2018
(With Summarized Financial Information for the Year Ended June 30, 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Total	
Revenues, Gains, Losses and Other Support				
Government grants	\$ 2,705,438	\$ -	\$ 2,705,438	\$ 2,486,305
Contributions				
Foundations and corporations (includes donated services of \$151,600)	1,579,370	878,336	2,457,706	2,404,270
Individuals	3,461,529	8,542	3,470,071	2,167,656
Direct mail campaigns	581,442	-	581,442	661,790
Bequests	1,292,055	-	1,292,055	691,777
Managed care program	3,298,206	-	3,298,206	2,708,601
Special events revenues	5,403,455	10,000	5,413,455	4,961,308
Direct costs of special events	(1,536,963)	-	(1,536,963)	(1,450,076)
Catalog sales	87,492	-	87,492	33,448
Cost of goods sold - catalog sales				
Goods purchased	(24,566)	-	(24,566)	(4,186)
Donated materials	104,943	-	104,943	16,300
Investment income	32,281	-	32,281	70,973
Space rental	188,203	-	188,203	142,905
Miscellaneous (including cookbook sales)	12,030	-	12,030	197,516
Net assets released from restriction	1,280,724	(1,280,724)	-	-
Total revenues, gains, losses and other support	<u>18,465,639</u>	<u>(383,846)</u>	<u>18,081,793</u>	<u>15,088,587</u>
Expenses				
Program services				
Meal preparation	6,902,380	-	6,902,380	6,383,940
Delivery services	3,304,471	-	3,304,471	3,249,909
Client services	466,182	-	466,182	483,684
Policy and planning	500,594	-	500,594	399,706
Program coordination	1,196,788	-	1,196,788	958,481
Nutrition education and counseling	883,492	-	883,492	860,485
Volunteer recruitment and recognition	624,967	-	624,967	539,554
Total program services	<u>13,878,874</u>	<u>-</u>	<u>13,878,874</u>	<u>12,875,759</u>

God's Love We Deliver, Inc.
Statement of Activities
Year Ended June 30, 2018
(With Summarized Financial Information for the Year Ended June 30, 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Total	
Expenses (continued)				
Supporting services				
Management and general	\$ 1,120,562	\$ -	\$ 1,120,562	\$ 1,048,185
Fund raising	3,144,182	-	3,144,182	2,710,380
Total supporting services	<u>4,264,744</u>	<u>-</u>	<u>4,264,744</u>	<u>3,758,565</u>
Total expenses	<u>18,143,618</u>	<u>-</u>	<u>18,143,618</u>	<u>16,634,324</u>
 Change in net assets from operations	 322,021	 (383,846)	 (61,825)	 (1,545,737)
 Building expansion campaign				
Donated services	-	-	-	28,975
Government grants - New York City capital allocation	<u>-</u>	<u>-</u>	<u>-</u>	<u>618,976</u>
 Change in Net Assets	 322,021	 (383,846)	 (61,825)	 (897,786)
 Net Assets, Beginning of Year	 <u>38,693,865</u>	 <u>840,915</u>	 <u>39,534,780</u>	 <u>40,432,566</u>
 Net Assets, End of Year	 <u>\$ 39,015,886</u>	 <u>\$ 457,069</u>	 <u>\$ 39,472,955</u>	 <u>\$ 39,534,780</u>

God's Love We Deliver, Inc.

Statement of Functional Expenses

Year Ended June 30, 2018

(With Summarized Financial Information for the Year Ended June 30, 2017)

	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	2018	2017
Salaries	\$ 1,210,424	\$ 1,273,526	\$ 245,331	\$ 170,933	\$ 681,347	\$ 535,335	\$ 307,829	\$ 4,424,725	\$ 452,157	\$ 994,616	\$ -	\$ 1,446,773	\$ 5,871,498	\$ 5,646,349
Employee benefits and payroll taxes	534,568	651,172	83,580	57,972	183,072	193,056	114,864	1,818,284	101,233	301,895	-	403,128	2,221,412	2,141,760
Temporary services	181,611	67,334	7,464	1,569	3,246	3,689	2,754	267,667	48,043	10,942	-	58,985	326,652	227,331
Professional fees	37,977	35,755	17,530	178,574	180,019	27,491	18,087	495,433	200,855	833,556	-	1,034,411	1,529,844	739,392
Donated services	-	-	-	21,320	-	-	-	21,320	75,280	55,000	-	130,280	151,600	28,975
Food costs	2,749,479	-	-	-	-	-	-	2,749,479	-	-	-	-	2,749,479	2,506,841
Meal containers	435,372	-	-	-	-	-	-	435,372	-	-	-	-	435,372	436,110
Kitchen supplies and maintenance	135,523	-	-	-	-	-	-	135,523	-	90	-	90	135,613	143,781
Vehicle expenses	67,571	476,925	-	-	-	-	-	544,496	-	-	-	-	544,496	474,528
Occupancy	309,690	140,549	9,568	4,245	5,313	11,146	20,156	500,667	22,318	18,428	-	40,746	541,413	545,719
Telephone and internet	5,603	27,430	9,584	1,828	6,293	10,113	4,527	65,378	10,566	12,321	-	22,887	88,265	81,371
Office expenses and supplies	4,635	718	27,487	307	509	2,428	2,294	38,378	2,777	59,118	-	61,895	100,273	66,811
Minor equipment, repair and maintenance	173,214	50,170	13,432	5,641	15,758	18,753	16,132	293,100	30,884	24,262	-	55,146	348,246	332,770
Insurance	66,231	35,671	2,202	1,195	2,364	3,113	4,565	115,341	14,225	20,715	-	34,940	150,281	149,969
Staff training, conferences and related costs	18,279	18,742	5,129	41,779	13,272	14,544	4,367	116,112	20,623	65,068	-	85,691	201,803	177,076
Volunteer recognition	5,169	1,800	419	305	668	736	59,309	68,406	4,499	13,043	-	17,542	85,948	42,559
Outreach and communication	-	-	1,199	216	22,959	1,032	9,831	35,237	78	229,500	-	229,578	264,815	139,988
Printing	862	405	6,129	1,103	54,981	21,079	5,625	90,184	336	186,783	-	187,119	277,303	538,026
Venue, catering and other direct event expenses	-	-	-	-	-	-	-	-	-	-	1,536,963	1,536,963	1,536,963	1,450,076
Direct cost of catalog sales	-	-	-	-	-	-	-	-	-	-	24,566	24,566	24,566	4,186
Goods purchased	-	-	-	-	-	-	-	-	-	-	24,566	24,566	24,566	4,186
Postage	1,485	12,571	7,883	725	5,011	5,292	686	33,653	3,282	92,005	-	95,287	128,940	121,125
Credit card and mailing list fees	-	-	-	-	-	-	-	-	-	125,940	-	125,940	125,940	125,943
Interest (Note 10)	-	-	-	-	-	-	-	-	87,301	-	-	87,301	87,301	147,941
Depreciation	945,525	501,965	27,838	11,774	20,120	32,733	52,378	1,592,333	21,460	53,622	-	75,082	1,667,415	1,670,526
Bad debt expense	-	-	-	-	-	-	-	-	1,205	-	-	1,205	1,205	96,869
Other expenses	19,162	9,738	1,407	1,108	1,856	2,952	1,563	37,786	23,440	47,278	-	70,718	108,504	52,564
Total expenses	6,902,380	3,304,471	466,182	500,594	1,196,788	883,492	624,967	13,878,874	1,120,562	3,144,182	1,561,529	5,826,273	19,705,147	18,088,586
Less expenses deducted directly from revenues														
Direct cost of catalog sales	-	-	-	-	-	-	-	-	-	-	(24,566)	(24,566)	(24,566)	(4,186)
Direct costs of special events	-	-	-	-	-	-	-	-	-	-	(1,536,963)	(1,536,963)	(1,536,963)	(1,450,076)
Total expenses reported by function on the statement of activities	\$ 6,902,380	\$ 3,304,471	\$ 466,182	\$ 500,594	\$ 1,196,788	\$ 883,492	\$ 624,967	\$ 13,878,874	\$ 1,120,562	\$ 3,144,182	\$ -	\$ 4,264,744	\$ 18,143,618	\$ 16,634,324

God's Love We Deliver, Inc.

Statement of Cash Flows

Year Ended June 30, 2018

(With Summarized Information for the Year Ended June 30, 2017)

	2018	2017
Operating Activities		
Change in net assets	\$ (61,825)	\$ (897,786)
Items not requiring (providing) operating activities cash flows		
Depreciation	1,667,415	1,670,526
Net realized and unrealized loss (gain) on investments	107,425	(9,773)
Decrease (increase) in assets		
Contributions receivable	148,740	170,937
Receivable - Airvana L.P.	124,459	-
Accounts receivable	124,619	(625,082)
Bequest receivable	613,833	(163,833)
Tax refund receivable	119,560	-
Prepaid expenses and other current assets	(176,005)	123,166
Inventory	16,384	106,554
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	227,334	26,447
Accrued payroll and related liabilities	17,358	(147,058)
Deferred revenue	2,934	(19,801)
Net cash provided by operating activities	2,932,231	234,297
Investing Activities		
Purchase of investments	(521,866)	(9,737,142)
Proceeds from sale of investments	809,028	5,735,474
Proceeds from sale of investment in Airvana L.P.	268,920	268,920
Fixed asset acquisitions	(317,529)	(72,318)
Construction costs paid	(733,531)	(1,772,100)
Net cash used in investing activities	(494,978)	(5,577,166)
Financing Activities		
Repayment of construction bridge loan	(2,741,994)	(1,336,719)
Proceeds from contributions restricted for long term use	131,643	1,286,860
Net cash used in financing activities	(2,610,351)	(49,859)
Net Change in Cash	(173,098)	(5,392,728)
Cash, Beginning of Year	1,250,438	6,643,166
Cash, End of Year	\$ 1,077,340	\$ 1,250,438
Supplemental Cash Flow Information		
Interest paid	\$ 87,301	\$ 147,941

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

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 medically 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.

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.

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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Investments

Investments in mutual funds and equities having a readily determinable fair value are carried at fair value. Investment return includes dividend and interest less investment expenses; realized and unrealized gains and losses on investments carried at fair value.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2018

Accounts Receivable and Allowance for Doubtful Accounts (For 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, 2018.

Receivable - 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. God's Love received \$268,920 as of June 30, 2018. It is expected that a final payment of approximately \$10,000 will be released during the year ended June 30, 2019.

Inventory

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

Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Fixed assets with an original cost in excess of \$2,500 with an estimated useful life of greater than one year are capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Long-lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Net asset impairment was recognized during the years ended June 30, 2018 and 2017.

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.

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2018

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.

Government Grants

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.

Contributions and 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, 2018.

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.

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2018

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. Certain costs have been allocated among the program, management and general and fund raising categories based on percent of time spent, square footage and other allocations.

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 2017

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, 2017, from which the summarized information was derived.

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, 2015 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent Events

Subsequent events have been evaluated through November 1, 2018, which is the date the financial statements were available to be issued.

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2018

Note 2: Fair Value Measurements and Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2018. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments: Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at the end of the year. The mutual funds held are deemed to be actively traded.

If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

God's Love We Deliver, Inc.
Notes to Financial Statements
June 30, 2018

Note 3: Investments

	<u>Level 1</u>
Mutual funds	
Money market	\$ 934,844
U.S. equity	283,459
International equity	124,268
Fixed income	<u>4,875,186</u>
 Total investments	 <u><u>\$ 6,217,757</u></u>

Investment income (loss) consists of the following:

Interest and dividends	\$ 139,706
Realized and unrealized loss on investments	<u>(107,425)</u>
	 <u><u>\$ 32,281</u></u>

Note 4: Contributions Receivable

Unconditional contributions receivable for on-going operations and the building expansion campaign have been recorded at fair value. (The building expansion was completed in 2015 and certain contributions are being paid over a multi-year period.) 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:

2019	\$ 711,857
2020	85,000
2021	25,000
2022	<u>25,000</u>
	846,857
Less discount to present value	<u>(7,930)</u>
Present value of contributions receivable	<u><u>\$ 838,927</u></u>

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2018

Note 5: Fixed Assets

Fixed assets consist of the following:

		<u>Estimated Useful Lives</u>
Land	\$ 32,500	
Building and building improvements	34,027,261	5-31.5 years
Office furniture and fixtures	298,203	5 years
Delivery vehicles	1,285,948	5 years
Kitchen equipment	10,285	5-10 years
Computers and peripherals	<u>1,569,972</u>	5 years
	37,224,169	
Less accumulated depreciation	<u>(6,909,365)</u>	
	<u>\$ 30,314,804</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.

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. During the year ended June 30, 2018, individuals and corporate groups contributed over 120,000 hours of volunteer service valued at \$2,569,000. 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 \$178,000 for the year ended June 30, 2018.

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 accounting principles generally accepted in the United States of America.

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 its public policy work, management matters and fundraising. For the year ended June 30, 2018, the value of contributed legal and other professional services recognized as revenues and expenses in the accompanying financial statements was \$151,600.

God's Love We Deliver, Inc.
Notes to Financial Statements
June 30, 2018

The fair value of donated materials was as follows:

Donated materials	\$ <u>104,943</u>
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Donated materials were used for catalog sales or for sale or auctions at events.

Note 7: Retirement Plan

Effective July 1, 1998, the Organization implemented 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 the year ended June 30, 2018, eligible employees received a discretionary contribution of 2% of their total earnings. Pension expense for the year ended June 30, 2018 was \$178,784. 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, 2018, the liability was \$43,380, which is included in accounts payable and accrued expenses on the balance sheet. There were no contributions for the year ended June 30, 2018.

Note 8: Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 were available for the following activities:

Meal preparation	\$ 190,950
Information technology enhancements	31,119
Delivery services	50,000
Public policy	175,000
Love Rocks NYC	<u>10,000</u>
	<u>\$ 457,069</u>

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2018

Net assets released from restrictions during the year ended June 30, 2018 consist of the following:

Volunteer cultivation	\$	83,332
Love Rocks NYC		200,000
Meal preparation		876,662
Information technology enhancements		43,880
Public policy		76,250
Publication		600
		<u>600</u>
	\$	<u>1,280,724</u>

Note 9: Construction Commitment

The Organization had entered into a construction contract that totaled \$27,258,950 for work that was completed as of June 30, 2017. The construction covered renovation and expansion of the building, construction management, commercial kitchen and miscellaneous equipment. God's Love fully paid all amounts due to the contractor as of June 30, 2018.

Note 10: Construction Bridge Loan Payable

God's Love financed its expansion with both private and public funds. Private funds included 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 was fully repaid during the year ended June 30, 2018. Interest expense for the year ended June 30, 2018 was \$87,301.

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	\$	36,603
Fundraising		<u>36,603</u>
	\$	<u>73,206</u>

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2018

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 fundraising 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. At June 30, 2018, the Organization's cash accounts exceeded federally insured limits by approximately \$822,000.

Note 13: Related-Party Transactions

During the year ended June 30, 2018, the Organization paid legal fees of \$876 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.

Note 14: Tax Refund Receivable

As of June 30, 2018, the Organization has a tax refund receivable due for taxes paid on prior year gains reported on the Airvana L.P. K-1 tax forms as unrelated business income. In subsequent years, the investment had a loss that negated the prior gains and resulted in a refund due for prior taxes paid.

Note 15: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Five contributions receivable totaling \$694,000 represent a significant portion of the total contributions receivable as of June 30, 2018.

God's Love We Deliver, Inc.
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Investments

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 certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statement of financial position.