

# **God's Love We Deliver, Inc.**

Independent Auditor's Report and Financial Statements

June 30, 2019



# God's Love We Deliver, Inc.

June 30, 2019

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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 statement of financial position as of June 30, 2019, 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, 2019, 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.

**Emphasis of Matter**

As described in *Note 1* to the financial statements, in 2019, God's Love We Deliver adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

**Report on Summarized Comparative Information**

We have previously audited God's Love We Deliver, Inc.'s June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**BKD, LLP**

New York, New York  
November 6, 2019

**God's Love We Deliver, Inc.**  
**Statement of Financial Position**  
**June 30, 2019**  
**(With Summarized Financial Information for June 30, 2018)**

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash	\$ 1,475,422	\$ 1,077,340
Investments	6,217,788	6,217,757
Receivables		
Contribution	108,010	306,363
Capital campaign	207,445	582,564
Government grants	1,696,059	896,657
Managed care receivables, net	505,588	444,635
Other	22,565	15,440
Prepaid expenses and other current assets	307,661	667,642
Property and equipment, net	29,164,444	30,314,804
Total assets	\$ 39,704,982	\$ 40,523,202
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 695,767	\$ 677,801
Accrued payroll and related liabilities	414,873	353,846
Deferred revenue	217,658	18,600
Total liabilities	1,328,298	1,050,247
 <b>Net Assets</b>		
Without donor restrictions	37,506,698	39,015,886
With donor restrictions	869,986	457,069
Total net assets	38,376,684	39,472,955
Total liabilities and net assets	\$ 39,704,982	\$ 40,523,202

# God's Love We Deliver, Inc.

## Statement of Activities

Year Ended June 30, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues, Gains, and Other Support</b>				
Contributions (includes donated services of \$70,086 in 2019 and \$151,600 in 2018)	\$ 4,568,819	\$ 756,963	\$ 5,325,782	\$ 7,801,274
Special events revenues	6,101,777	100,000	6,201,777	5,413,455
Less direct costs of special events	(1,642,609)	-	(1,642,609)	(1,536,963)
Government grants	4,501,235	-	4,501,235	2,705,438
Managed care program	3,580,639	-	3,580,639	3,298,206
Miscellaneous	461,028	-	461,028	368,102
Investment income	374,796	-	374,796	32,281
Net assets released from restriction	444,046	(444,046)	-	-
	<u>18,389,731</u>	<u>412,917</u>	<u>18,802,648</u>	<u>18,081,793</u>
<b>Expenses</b>				
Program services				
Meal preparation	6,695,802	-	6,695,802	6,317,373
Meal packaging	799,017	-	799,017	585,007
Delivery services	3,689,530	-	3,689,530	3,304,471
Client and program services	2,031,731	-	2,031,731	1,662,970
Nutrition education and counseling	981,949	-	981,949	883,492
Volunteer services	750,683	-	750,683	624,967
Policy and planning	476,674	-	476,674	500,594
	<u>15,425,386</u>	<u>-</u>	<u>15,425,386</u>	<u>13,878,874</u>
Total program services (includes depreciation of \$1,573,804 in 2019 and \$1,592,333 in 2018)				
	<u>15,425,386</u>	<u>-</u>	<u>15,425,386</u>	<u>13,878,874</u>
Supporting services				
Management and general	1,303,279	-	1,303,279	1,120,562
Fundraising	3,170,254	-	3,170,254	3,144,182
	<u>4,473,533</u>	<u>-</u>	<u>4,473,533</u>	<u>4,264,744</u>
Total supporting services (includes depreciation of \$127,606 in 2019 and \$75,082 in 2018)				
	<u>4,473,533</u>	<u>-</u>	<u>4,473,533</u>	<u>4,264,744</u>
Total expenses (includes depreciation of \$1,701,410 in 2019 and \$1,667,415 in 2018)				
	<u>19,898,919</u>	<u>-</u>	<u>19,898,919</u>	<u>18,143,618</u>
<b>Change in Net Assets</b>	(1,509,188)	412,917	(1,096,271)	(61,825)
<b>Net Assets, Beginning of Year</b>	<u>39,015,886</u>	<u>457,069</u>	<u>39,472,955</u>	<u>39,534,780</u>
<b>Net Assets, End of Year</b>	<u>\$ 37,506,698</u>	<u>\$ 869,986</u>	<u>\$ 38,376,684</u>	<u>\$ 39,472,955</u>

**God's Love We Deliver, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019**  
**(With Summarized Financial Information for the Year Ended June 30, 2018)**

2019

	Program Services							Supporting Services				Total	2018
	Meal Preparation	Meal Packaging	Delivery Services	Client and Program Services	Nutrition Education and Counseling	Volunteer Services	Policy and Planning	Total	Management and General	Fundraising	Total		
Salaries	\$ 1,235,970	\$ 216,273	\$ 1,441,708	\$ 1,092,780	\$ 554,432	\$ 374,609	\$ 189,421	\$ 5,105,193	\$ 455,561	\$ 1,119,476	\$ 1,575,037	\$ 6,680,230	\$ 5,871,498
Employee benefits and payroll taxes	511,749	76,366	667,011	302,127	176,500	133,967	60,266	1,927,986	140,373	330,953	471,326	2,399,312	2,221,412
Temporary services	212,394	69,094	184,346	91,811	10,396	7,495	4,362	579,898	133,029	30,176	163,205	743,103	326,652
Professional fees	74,375	34,778	71,340	287,725	55,469	35,989	153,123	712,799	198,643	374,252	572,895	1,285,694	1,529,844
Donated services	-	-	-	-	-	-	9,812	9,812	35,043	25,231	60,274	70,086	151,600
Food costs	2,672,452	3	221	10	57,910	3,705	3	2,734,304	46	500	546	2,734,850	2,749,479
Meal containers	461,876	-	584	-	-	-	-	462,460	-	-	-	462,460	435,372
Kitchen supplies and maintenance	185,758	5,129	6,904	1,630	1,218	1,324	324	202,287	2,083	3,828	5,911	208,198	135,613
Vehicle expenses	516	87,595	511,035	1,776	24	638	9	601,593	47	243	290	601,883	544,496
Occupancy	424,208	86,424	212,036	23,888	17,774	33,868	6,578	804,776	34,759	28,492	63,251	868,027	541,413
Telephone and internet	18,451	9,281	49,338	56,782	34,892	17,777	6,481	193,002	54,958	61,977	116,935	309,937	88,265
Office expenses and supplies	47,736	23,168	34,727	22,071	13,444	13,065	3,948	158,159	19,085	31,284	50,369	208,528	100,273
Minor equipment, repair and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	348,246
Insurance	39,618	3,128	23,247	10,265	7,302	4,154	3,160	90,874	108,558	23,362	131,920	222,794	150,281
Staff training, conferences and related costs	13,611	1,981	16,314	13,320	8,118	4,581	5,568	63,493	11,969	39,965	51,934	115,427	201,803
Volunteer recognition	-	-	-	-	-	-	-	-	-	-	-	-	85,948
Outreach and communication	-	-	-	-	-	-	-	-	-	-	-	-	264,815
Printing	160	12	77	58,694	138	5,998	350	65,429	191	280,719	280,910	346,339	277,303
Venue, catering and other direct event expenses	929	124	700	333	220	28,462	11,433	42,201	1,199	2,102,491	2,103,690	2,145,891	1,536,963
Direct cost of catalog sales - goods purchased	-	-	-	-	-	-	-	-	-	-	-	-	24,566
Postage	1,850	283	10,468	14,187	3,110	670	322	30,890	3,171	162,719	165,890	196,780	128,940
Interest	-	-	-	-	-	-	-	-	-	-	-	-	87,301
Depreciation	777,544	183,752	450,874	47,639	35,730	64,654	13,611	1,573,804	71,459	56,147	127,606	1,701,410	1,667,415
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	1,205
Other expenses	16,605	1,626	8,600	6,693	5,272	19,727	7,903	66,426	33,105	141,048	174,153	240,579	234,444
<b>Total expenses</b>	<b>6,695,802</b>	<b>799,017</b>	<b>3,689,530</b>	<b>2,031,731</b>	<b>981,949</b>	<b>750,683</b>	<b>476,674</b>	<b>15,425,386</b>	<b>1,303,279</b>	<b>4,812,863</b>	<b>6,116,142</b>	<b>21,541,528</b>	<b>19,705,147</b>
Less expenses deducted directly from revenues													
Direct cost of catalog sales	-	-	-	-	-	-	-	-	-	-	-	-	(24,566)
Direct cost of special events	-	-	-	-	-	-	-	-	-	(1,642,609)	(1,642,609)	(1,642,609)	(1,536,963)
<b>Total expenses reported by function on the statement of activities</b>	<b>\$ 6,695,802</b>	<b>\$ 799,017</b>	<b>\$ 3,689,530</b>	<b>\$ 2,031,731</b>	<b>\$ 981,949</b>	<b>\$ 750,683</b>	<b>\$ 476,674</b>	<b>\$ 15,425,386</b>	<b>\$ 1,303,279</b>	<b>\$ 3,170,254</b>	<b>\$ 4,473,533</b>	<b>\$ 19,898,919</b>	<b>\$ 18,143,618</b>

# God's Love We Deliver, Inc.

## Statement of Cash Flows

Year Ended June 30, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

	2019	2018
<b>Operating Activities</b>		
Change in net assets	\$ (1,096,271)	\$ (61,825)
Items not requiring (providing) operating cash flows		
Depreciation	1,701,410	1,667,415
Loss on disposal property and equipment	10,998	-
Net realized and unrealized (gain) loss on investments	(215,461)	107,425
Changes in		
Receivables		
Contribution	198,353	762,573
Government grants	(799,402)	256,372
Managed care receivables	(60,953)	(131,753)
Other	(7,125)	140,843
Prepaid expenses and other current assets	359,981	(56,445)
Accounts payable and accrued expenses	17,966	227,334
Accrued payroll and related liabilities	61,027	17,358
Deferred revenue	199,058	2,934
Net cash provided by operating activities	369,581	2,932,231
<b>Investing Activities</b>		
Purchase of investments	(582,346)	(521,866)
Proceeds from sale of investments	797,776	809,028
Proceeds from sale of investment in Airvana L.P.	-	268,920
Property and equipment acquisitions	(562,048)	(317,529)
Construction costs paid	-	(733,531)
Net cash used in investing activities	(346,618)	(494,978)
<b>Financing Activities</b>		
Repayment of construction bridge loan	-	(2,741,994)
Proceeds from contributions restricted for long-term use	375,119	131,643
Net cash provided by (used in) financing activities	375,119	(2,610,351)
<b>Increase (Decrease) in Cash</b>	398,082	(173,098)
<b>Cash, Beginning of Year</b>	1,077,340	1,250,438
<b>Cash, End of Year</b>	\$ 1,475,422	\$ 1,077,340
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ -	\$ 87,301

# God's Love We Deliver, Inc.

## Notes to Financial Statements

June 30, 2019

### 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.

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

#### *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.

#### *Cash Equivalents*

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019 and 2018, cash equivalents consisted primarily of money market funds.

At June 30, 2019, the Organization's cash accounts exceeded federally insured limits by approximately \$1,979,000.

#### *Investments and Investment Return*

Investments in mutual funds having a readily determinable fair value are carried at fair value.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

# God's Love We Deliver, Inc.

## Notes to Financial Statements

June 30, 2019

### ***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 an allowance for doubtful accounts in the amount of \$15,000 as of June 30, 2019 and 2018.

### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Property and equipment 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.

No asset impairment was recognized during the years ended June 30, 2019 and 2018.

### ***Deferred Revenue***

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

### ***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or grantor restrictions.

Net assets with donor restrictions are subject to donor or grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

# God's Love We Deliver, Inc.

## Notes to Financial Statements

June 30, 2019

### 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

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

# God's Love We Deliver, Inc.

## Notes to Financial Statements

June 30, 2019

### **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.

### **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 fundraising categories based on percent of time spent, square footage and other allocations.

### **Summarized Financial Information**

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, 2018, from which the summarized information was derived.

### **Changes in Accounting Principles**

During 2019, the Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. A summary of the changes is as follows:

#### **Statement of Financial Position**

- The statement of financial position distinguishes between two new classes of net assets—those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets—unrestricted, temporarily restricted and permanently restricted.

#### **Statement of Functional Expenses**

- Expenses are reported by both nature and function in one location.
- Interest and dividends are shown net of external investment expenses. Disclosure of the expenses netted against investment income is no longer required.

# God's Love We Deliver, Inc.

## Notes to Financial Statements

June 30, 2019

### Statement of Cash Flows

- The Organization continues to use indirect method of reporting to present operating cash flows.

### Notes to the Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one year from the date of the statement of financial position.

This change had no impact on previously reported total change in net assets.

### Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction.

### Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no significant impact on the financial statement line items impacted.

### Note 2: Disclosures About Fair Value of Assets

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. The hierarchy comprises 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 that are significant to the fair value of the assets or liabilities

# God's Love We Deliver, Inc.

## Notes to Financial Statements

June 30, 2019

### Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2019 and 2018:

	Fair Value Measurements Using	
	Quoted Prices in Active Markets for Identical Assets (Level 1) 2019	Quoted Prices in Active Markets for Identical Assets (Level 1) 2018
Mutual funds		
Money market	\$ 1,234,128	\$ 934,844
U.S. equity	312,888	283,459
International equity	124,976	124,268
Fixed income	4,545,796	4,875,186
	<u>\$ 6,217,788</u>	<u>\$ 6,217,757</u>
Total investments		

The 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 years ended June 30, 2019 and 2018.

### Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. 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. There were no Level 3 investments as of June 30, 2019 and 2018.

# God's Love We Deliver, Inc.

## Notes to Financial Statements

June 30, 2019

### Note 3: 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 percent as of June 30, 2019 and 2018, as follows:

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Due within one year	\$ 132,010	\$ 136,293	\$ 268,303
Due within one to two years	-	50,000	50,000
	132,010	186,293	318,303
Less discount to present value	-	(2,848)	(2,848)
Present value of contributions receivable	<u>\$ 132,010</u>	<u>\$ 183,445</u>	<u>\$ 315,455</u>

	<b>2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Due within one year	\$ 260,363	\$ 501,494	\$ 761,857
Due within one to two years	-	135,000	135,000
	260,363	636,494	896,857
Less discount to present value	-	(7,930)	(7,930)
Present value of contributions receivable	<u>\$ 260,363</u>	<u>\$ 628,564</u>	<u>\$ 888,927</u>

# God's Love We Deliver, Inc.

## Notes to Financial Statements

June 30, 2019

### Note 4: Property and Equipment

	2019	2018	Estimated Useful Lives
Land	\$ 32,500	\$ 32,500	
Building and building improvements	30,696,666	34,027,261	5-31.5 years
Office furniture and fixtures	624,182	298,203	5 years
Delivery vehicles	1,127,457	1,285,948	5 years
Kitchen equipment	2,192,501	10,285	5-10 years
Computers and peripherals	1,564,563	1,569,972	5 years
	<u>36,237,869</u>	<u>37,224,169</u>	
Less accumulated depreciation	<u>(7,073,425)</u>	<u>(6,909,365)</u>	
	<u>\$ 29,164,444</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 5: Donated Services and Materials

The Organization depends on approximately 15,000 volunteers a year to carry out its mission, especially with regard to meal preparation and delivery. During the year ended June 30, 2019 and 2018, individuals and corporate groups contributed over 117,000 and 120,000 hours of volunteer service valued at \$2,117,000 and \$2,569,000, respectively. 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 \$195,050 and \$178,000 for the years ended June 30, 2019 and 2018, respectively.

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 years ended June 30, 2019 and 2018, the value of contributed legal and other professional services recognized as revenues and expenses in the accompanying financial statements was \$70,086 and \$151,600, respectively.

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**June 30, 2019**

The fair value of donated materials was as follows:

	<b>2019</b>	<b>2018</b>
Donated materials	\$ 19,850	\$ 104,943

Donated materials were used for catalog sales or for sale or auctions at events.

**Note 6: 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 percent 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 years ended June 30, 2019 and 2018, eligible employees received a discretionary contribution of 2 percent of their total earnings. Pension expense for the years ended June 30, 2019 and 2018 was \$205,305 and \$178,784, respectively. 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, 2019 and 2018, the liability was \$44,715 and \$43,380, respectively, which is included in accounts payable and accrued expenses on the balance sheet. There were no contributions for the year ended June 30, 2019 and 2018.

# God's Love We Deliver, Inc.

## Notes to Financial Statements

June 30, 2019

### Note 7: Net Assets With Donor Restrictions

Net assets with donor restriction at June 30, 2019 and 2018 were available for the following activities:

	<u>2019</u>	<u>2018</u>
Meal preparation	\$ 380,950	\$ 190,950
Volunteer cultivation	76,667	-
Information technology enhancements	66,119	31,119
Delivery services	50,000	50,000
Public policy	286,250	175,000
Love Rocks NYC	10,000	10,000
	<u>\$ 869,986</u>	<u>\$ 457,069</u>

Net assets released from restrictions during the year ended June 30, 2019 consist of the following:

Volunteer cultivation	\$ 23,333
Meal preparation	251,213
Delivery services	69,500
Race to deliver	100,000
	<u>\$ 444,046</u>

### Note 8: Joint Costs

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

	<u>2019</u>	<u>2018</u>
Program	\$ 30,822	\$ 36,603
Fundraising	30,822	36,603
	<u>\$ 61,644</u>	<u>\$ 73,206</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 fundraising activities that included program information were not eligible for allocation under generally accepted accounting principles and were treated exclusively as development expense.

# God's Love We Deliver, Inc.

## Notes to Financial Statements

June 30, 2019

### Note 9: 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**

Two contributions receivable totaling \$173,500 represent a significant portion of the total contributions receivable as of June 30, 2019. Five contributions receivable totaling \$694,000 represent a significant portion of the total contributions receivable as of June 30, 2018.

#### **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.

### Note 10: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019, comprise the following:

Cash	\$ 1,475,422
Investments	6,217,788
Receivable	<u>2,539,667</u>
Total financial assets	10,232,877
Less amounts not available to be used within one year	
With donor restrictions	<u>(869,986)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 9,362,891</u>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization monitors liquidity and cash flows on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to meet current expenditure needs. Management reports its financial position regularly to different committees of the Board and to the whole Board.

# God's Love We Deliver, Inc.

## Notes to Financial Statements

June 30, 2019

### Note 11: Subsequent Events

Subsequent events have been evaluated through November 6, 2019, which is the date the financial statements were available to be issued.

### Note 12: Future Changes in Accounting Principles

#### ***Revenue Recognition***

The Financial Accounting Standards Board (FASB) amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for nonpublic entities for annual periods beginning after December 15, 2018. The Organization is in the process of evaluating the effect the amendment will have on the financial statements.

#### ***Accounting for Grants and Contributions***

FASB amended its standards related to contributions received and contributions made. The amendment clarifies existing guidance on determining whether a transaction with a resource provider, *e.g.*, the receipt of funds under a government grant or contract, is a contribution or an exchange transaction. The guidance requires all organization to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction, and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction would be accounted for as an exchange transaction by applying Topic 606, *Revenue from Contracts with Customers*, or other topics. The standard clarifies that a resource provider is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. If commensurate value is not received by the resource provide, *i.e.*, the transaction is nonexchange, the recipient organization would record the transaction as a contribution under Topic 958 and determine whether the contribution is conditional or unconditional.

FASB expects that the new standard could result in more grants and contracts being accounted for as contributions (often conditional contributions) than under current generally accepted accounting principles. Because of this, it believes the clarifying guidance about whether a contribution is conditional or unconditional, which affects the timing of revenue recognition, is important. Both the recipient and resource provider would equally apply the guidance. The standard will be effective for reporting periods beginning on or after December 15, 2018.