

God's Love We Deliver, Inc.

Independent Auditor's Report and Financial Statements

June 30, 2020



God's Love We Deliver, Inc.

June 30, 2020

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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, 2020, 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, 2020, 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 2020, God's Love We Deliver, Inc. adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contribution Received and Contributions Made*. 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BKD, LLP

New York, New York
October 30, 2020

God's Love We Deliver, Inc.
Statement of Financial Position
June 30, 2020
(With Summarized Financial Information for June 30, 2019)

	2020	2019
Assets		
Cash	\$ 4,745,648	\$ 1,475,422
Investments	15,257,714	6,217,788
Receivables		
Contribution	294,433	108,010
Capital campaign	99,038	207,445
Government grants	1,795,416	1,696,059
Managed care receivables, net	705,547	505,588
Other	49,000	22,565
Prepaid expenses and other current assets	323,446	307,661
Property and equipment, net	27,702,221	29,164,444
Total assets	\$ 50,972,463	\$ 39,704,982
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 996,872	\$ 695,771
Accrued payroll and related liabilities	579,126	414,869
Deferred revenue	129,442	217,658
Loan payable	1,317,900	-
Total liabilities	3,023,340	1,328,298
 Net Assets		
Without donor restrictions	46,199,762	37,506,698
With donor restrictions	1,749,361	869,986
Total net assets	47,949,123	38,376,684
Total liabilities and net assets	\$ 50,972,463	\$ 39,704,982

God's Love We Deliver, Inc.
Statement of Activities
Year Ended June 30, 2020
(With Summarized Financial Information for the Year Ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, Gains and Other Support				
Contributions, grants and bequests (includes donated services of \$64,645 in 2020 and \$70,086 in 2019)	\$ 15,081,737	\$ 2,911,222	\$ 17,992,959	\$ 5,325,782
Special events revenues	6,140,815	130,343	6,271,158	6,201,777
Less direct costs of special events	(1,621,692)	-	(1,621,692)	(1,642,609)
Government grants	4,052,110	-	4,052,110	4,501,235
Managed care program	4,279,052	-	4,279,052	3,580,639
Miscellaneous	235,290	-	235,290	461,028
Net investment return	192,559	-	192,559	374,796
Net assets released from restrictions	2,162,190	(2,162,190)	-	-
	<u>30,522,061</u>	<u>879,375</u>	<u>31,401,436</u>	<u>18,802,648</u>
Expenses				
Program services				
Meal preparation	7,690,303	-	7,690,303	6,695,802
Meal packaging	980,947	-	980,947	799,017
Delivery services	3,963,261	-	3,963,261	3,689,530
Client and program services	2,360,176	-	2,360,176	2,031,731
Nutrition education and counseling	1,075,093	-	1,075,093	981,949
Volunteer services	776,488	-	776,488	750,683
Policy and planning	677,372	-	677,372	476,674
	<u>17,523,640</u>	<u>-</u>	<u>17,523,640</u>	<u>15,425,386</u>
Total program services (includes depreciation of \$1,649,233 in 2020 and \$1,573,804 in 2019)				
Supporting services				
Management and general	1,311,693	-	1,311,693	1,303,279
Fundraising	2,993,664	-	2,993,664	3,170,254
	<u>4,305,357</u>	<u>-</u>	<u>4,305,357</u>	<u>4,473,533</u>
Total supporting services (includes depreciation of \$133,721 in 2020 and \$127,606 in 2019)				
Total expenses (includes depreciation of \$1,782,854 in 2020 and \$1,701,410 in 2019)				
	<u>21,828,997</u>	<u>-</u>	<u>21,828,997</u>	<u>19,898,919</u>
Change in Net Assets	8,693,064	879,375	9,572,439	(1,096,271)
Net Assets, Beginning of Year	<u>37,506,698</u>	<u>869,986</u>	<u>38,376,684</u>	<u>39,472,955</u>
Net Assets, End of Year	<u>\$ 46,199,762</u>	<u>\$ 1,749,361</u>	<u>\$ 47,949,123</u>	<u>\$ 38,376,684</u>

God's Love We Deliver, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020
(With Summarized Financial Information for the Year Ended June 30, 2019)

2020

	Program Services							Supporting Services					2019
	Meal Preparation	Meal Packaging	Delivery Services	Client and Program Services	Nutrition Education and Counseling	Volunteer Services	Policy and Planning	Total	Management and General		Total		
									General	Fundraising			
Salaries	\$ 1,344,205	\$ 333,659	\$ 1,509,621	\$ 1,269,447	\$ 590,531	\$ 399,313	\$ 254,713	\$ 5,701,489	\$ 599,810	\$ 1,245,985	\$ 1,845,795	\$ 7,547,284	\$ 6,680,230
Employee benefits and payroll taxes	463,182	98,131	624,859	337,565	182,920	143,776	74,636	1,925,069	142,211	347,875	490,086	2,415,155	2,399,312
Temporary services	168,821	87,989	350,524	133,964	23,761	16,677	442	782,178	2,323	3,252	5,575	787,753	743,103
Professional fees	74,059	19,236	74,195	240,674	50,086	33,698	245,548	737,496	109,875	288,891	398,766	1,136,262	1,285,694
Donated services	-	-	-	-	-	-	9,050	9,050	32,323	23,272	55,595	64,645	70,086
Food costs	3,495,792	-	-	-	47,321	982	-	3,544,095	-	316	316	3,544,411	2,734,850
Meal containers	559,884	-	-	-	-	-	-	559,884	-	-	-	559,884	462,460
Kitchen supplies and maintenance	172,241	1,438	3,663	373	339	539	107	178,700	559	2,404	2,963	181,663	208,198
Vehicle expenses	11	107,996	508,065	-	-	-	-	616,072	-	-	-	616,072	601,883
Occupancy	420,311	99,421	243,845	26,281	19,833	35,520	7,445	852,656	39,254	31,225	70,479	923,135	868,027
Telephone and internet	21,391	15,552	55,715	126,421	53,328	30,483	10,549	313,439	71,811	52,180	123,991	437,430	309,937
Office expenses and supplies	57,796	14,845	49,524	31,543	17,926	13,945	6,486	192,065	20,784	35,729	56,513	248,578	208,528
Insurance	63,447	4,823	30,352	16,674	11,858	6,679	5,135	138,968	176,998	38,029	215,027	353,995	222,794
Staff training, conferences and related costs	13,119	2,623	17,971	17,623	8,387	4,304	43,522	107,549	15,964	24,567	40,531	148,080	115,427
Printing	291	39	4,595	74,178	19,993	10,308	2,478	111,882	236	289,266	289,502	401,384	346,339
Venue, catering and other direct event expenses	8,557	1,337	8,486	4,081	2,404	2,299	822	27,986	11,427	1,869,413	1,880,840	1,908,826	2,145,891
Postage	3,190	196	3,473	27,358	3,836	1,158	521	39,732	2,637	98,930	101,567	141,299	196,780
Depreciation	814,810	192,559	472,483	49,923	37,442	67,752	14,264	1,649,233	74,884	58,837	133,721	1,782,954	1,701,410
Other expenses	9,196	1,103	5,890	4,071	5,128	9,055	1,654	36,097	10,597	205,185	215,782	251,879	240,579
Total expenses	7,690,303	980,947	3,963,261	2,360,176	1,075,093	776,488	677,372	17,523,640	1,311,693	4,615,356	5,927,049	23,450,689	21,541,528
Less expenses deducted directly from revenues													
Direct cost of special events	-	-	-	-	-	-	-	-	-	(1,621,692)	(1,621,692)	(1,621,692)	(1,642,609)
Total expenses reported by function on the statement of activities	\$ 7,690,303	\$ 980,947	\$ 3,963,261	\$ 2,360,176	\$ 1,075,093	\$ 776,488	\$ 677,372	\$ 17,523,640	\$ 1,311,693	\$ 2,993,664	\$ 4,305,357	\$ 21,828,997	\$ 19,898,919

God's Love We Deliver, Inc.

Statement of Cash Flows

Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Operating Activities		
Change in net assets	\$ 9,572,439	\$ (1,096,271)
Items not requiring (providing) operating cash flows		
Depreciation	1,782,954	1,701,410
Loss on disposal of property and equipment	16,798	10,998
Net realized and unrealized gain on investments	(26,485)	(215,461)
Changes in		
Receivables		
Contribution	(186,423)	198,353
Government grants	(99,357)	(799,402)
Managed care receivables	(199,959)	(60,953)
Other	(26,435)	(7,125)
Prepaid expenses and other current assets	(15,785)	359,981
Accounts payable and accrued expenses	301,101	17,966
Accrued payroll and related liabilities	164,257	61,027
Deferred revenue	(88,216)	199,058
	<u>11,194,889</u>	<u>369,581</u>
Net cash provided by operating activities		
Investing Activities		
Purchase of investments	(25,416,136)	(582,346)
Proceeds from sale of investments	16,402,695	797,776
Proceeds from sale of property and equipment	2,500	-
Property and equipment acquisitions	(340,029)	(562,048)
	<u>(9,350,970)</u>	<u>(346,618)</u>
Net cash used in investing activities		
Financing Activities		
Proceeds from loan payable	1,317,900	-
Proceeds from contributions restricted for long-term use	108,407	375,119
	<u>1,426,307</u>	<u>375,119</u>
Net cash provided by financing activities		
Increase in Cash	3,270,226	398,082
Cash, Beginning of Year	<u>1,475,422</u>	<u>1,077,340</u>
Cash, End of Year	<u>\$ 4,745,648</u>	<u>\$ 1,475,422</u>

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2020

(With Summarized Financial Information as of and for the Year Ended 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. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At June 30, 2020 and 2019, cash equivalents consisted primarily of money market funds.

At June 30, 2020, the Organization's cash accounts exceeded federally insured limits by approximately \$4,660,000.

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, 2020

(With Summarized Financial Information as of and for the Year Ended 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, 2020 and 2019.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment with an original cost in excess of \$5,000 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, 2020 and 2019.

Deferred Revenue

The portion of charges collected in advance but not yet earned, for government contracts 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, 2020

(With Summarized Financial Information as of and for the Year Ended 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, 2020

(With Summarized Financial Information as of and for the Year Ended June 30, 2019)

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue with donor restrictions and then released from restrictions.

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. Proceeds for events that have not taken place are recorded as part of deferred revenue. Income accrued related to special events that have occurred is included in contributions receivable.

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, 2019, from which the summarized information was derived.

Changes in Accounting Principle

During 2020, the Organization adopted Financial Accounting Standards (FASB) Accounting Standards Board (ASU) 2018-08, (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contribution Received and Contributions Made*. The core guidance in ASU 2018-08 is to clarify existing guidance on determining whether a transaction with a resource provider, *e.g.*, the receipts of funds under a government grant or contract, is a contribution or exchange transaction. As a result of adoption of the standard, there was no change on the previously reported net assets or change in net assets.

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2020

(With Summarized Financial Information as of and for the Year Ended June 30, 2019)

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.

Note 2: Grant Reimbursements Receivable and Future Commitments

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Organization are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2020, have been recorded as receivables. Following are the grant commitments that extend beyond June 30, 2020:

Grant	Term	Grant Amount	Earned Through 2020	Funding Available
Public Health Solutions	03/01/2020-02/28/2023	\$ 7,620,363	\$ 825,540	\$ 6,794,823
New York State Department of Health	11/01/2017-10/31/2022	875,000	466,623	408,377
New York City Department of Sanitation	05/05/2020-11/05/2020	2,000,000	987,186	1,012,814
Food Bank for New York City	05/01/2020-10/31/2020	124,274	27,685	96,589
		<u>\$ 10,619,637</u>	<u>\$ 2,307,034</u>	<u>\$ 8,312,603</u>

Note 3: 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, 2020

(With Summarized Financial Information as of and for the Year Ended 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, 2020 and 2019:

	2020	
	Total	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Money market funds	\$ 610,416	\$ 610,416
Equities-domestic	946,733	946,733
Mutual funds		
Bond funds	5,497,571	5,497,571
Equity funds	1,897,907	1,897,907
Exchange traded funds	673,975	673,975
Total investments reported on the fair value hierarchy	9,626,602	\$ 9,626,602
Cash and cash equivalents	5,631,112	
	\$ 15,257,714	
	2019	
	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	
Mutual funds		
Money market	\$ 1,234,128	
U.S. equity	312,888	
International equity	124,976	
Fixed income	4,545,796	
Total investments reported on the fair value hierarchy	\$ 6,217,788	

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2020

(With Summarized Financial Information as of and for the Year Ended June 30, 2019)

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, 2020 and 2019.

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, 2020 and 2019.

Note 4: Contributions Receivable

Unconditional contributions receivable for ongoing 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 2.02 and 4 percent as of June 30, 2020 and 2019, respectively, as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 88,708	\$ 179,440	\$ 268,148
Due within one to two years	-	129,440	129,440
	88,708	308,880	397,588
Less discount to present value	-	(4,117)	(4,117)
Present value of contributions receivable	<u>\$ 88,708</u>	<u>\$ 304,763</u>	<u>\$ 393,471</u>

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2020

(With Summarized Financial Information as of and for the Year Ended June 30, 2019)

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
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	\$ 132,010	\$ 183,445	\$ 315,455

Note 5: Property and Equipment

	2020	2019	Estimated Useful Lives
Land	\$ 32,500	\$ 32,500	
Building and building improvements	30,726,836	30,696,666	5-31.5 years
Office furniture and fixtures	624,182	624,182	5 years
Delivery vehicles	1,272,648	1,127,457	5 years
Kitchen equipment	2,192,501	2,192,501	5-10 years
Computers and peripherals	1,638,285	1,564,563	5 years
	36,486,952	36,237,869	
Less accumulated depreciation	(8,784,731)	(7,073,425)	
	\$ 27,702,221	\$ 29,164,444	

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 14,000 volunteers a year to carry out its mission, especially with regard to meal preparation and delivery. During the years ended June 30, 2020 and 2019, individuals and corporate groups contributed over 128,000 and 117,000 hours of volunteer service valued at \$2,000,000 in each of the years. 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.

God's Love We Deliver, Inc.

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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 \$128,167 and \$195,050 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, the value of contributed legal and other professional services recognized as revenues and expenses in the accompanying financial statements was \$64,645 and \$70,086, respectively.

The fair value of donated materials was as follows:

	<u>2020</u>	<u>2019</u>
Donated materials	<u>\$ 233,031</u>	<u>\$ 19,850</u>

Donated materials include supplies, books, food, and items for sale and auction at special 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 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, 2020 and 2019, eligible employees received a discretionary contribution of 2 percent of their total earnings. Pension expense for the years ended June 30, 2020 and 2019 was \$232,743 and \$205,305, respectively. The pension expense includes both the match in each pay period and the year-end discretionary contribution.

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God's Love also sponsors a 457(b) Plan. As of June 30, 2020 and 2019, the liability was \$44,700 and \$44,715, respectively, which is included in accounts payable and accrued expenses on the balance sheet. There were no contributions for the years ended June 30, 2020 and 2019.

Note 8: Net Assets With Donor Restrictions

Net assets with donor restriction at June 30, 2020 and 2019 were available for the following activities:

	<u>2020</u>	<u>2019</u>
Meal preparation	\$ 870,085	\$ 380,950
Volunteer cultivation	75,334	76,667
Information technology enhancements	312,662	66,119
Delivery services	273,780	50,000
Public policy	117,500	286,250
Love rocks	-	10,000
Capital campaign	100,000	-
	<u>\$ 1,749,361</u>	<u>\$ 869,986</u>

Net assets released from restrictions during the year ended June 30, 2020 consist of the following:

Volunteer cultivation	\$ 101,333
Public policy	366,250
Golden heart	100,000
Meal preparation	1,425,930
Delivery services	102,220
Love rocks	10,000
Information technology enhancements	56,457
	<u>\$ 2,162,190</u>

Note 9: 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>2020</u>	<u>2019</u>
Program	\$ 21,733	\$ 30,822
Fundraising	21,733	30,822
	<u>\$ 43,466</u>	<u>\$ 61,644</u>

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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. Fundraising 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 10: Paycheck Protection Program Loan

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. On May 3, 2020, the Organization received a loan in the amount of \$1,317,900 pursuant to the Paycheck Protection Program and matures on May 3, 2022. The Organization has elected to account for the funding as a loan under ASC Topic 470, *Debt*. The loan is due in two years from the date of the first disbursement under the loan and has a fixed interest rate of 1 percent per year. Any forgiveness of the loan will be recognized as a gain in the financial statements in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audits, adjustments could be required to any gain recognized.

Principal payments are due as follows:

2021	\$	506,122
2022		<u>811,778</u>
	\$	<u>1,317,900</u>

Note 11: 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 \$308,800 and \$173,000 represent a significant portion of the total contributions receivable as of June 30, 2020 and 2019, respectively.

Approximately 17 percent of all contributions were received from one donor in 2020. There was no concentration in 2019.

In 2020 and 2019, approximately 20 percent and 33 percent, respectively, of total revenue is generated from special events. This represents concentration of risk to the Organization.

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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 statements of financial position.

Note 12: 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, 2020 and 2019, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year end		
Cash	\$ 4,745,648	\$ 1,475,422
Investments	15,257,714	6,217,788
Receivable	<u>2,943,434</u>	<u>2,539,667</u>
Total financial assets at year end	22,946,796	10,232,877
Less amounts not available to be used within one year		
With donor restrictions	<u>(1,749,361)</u>	<u>(869,986)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 21,197,435</u>	<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.

Note 13: Economic Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, changes in net assets and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

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Note 14: Subsequent Events

Subsequent events have been evaluated through October 30, 2020, which is the date the financial statements were available to be issued.

Note 15: Future Changes in Accounting Principles

Accounting for Financial Instruments – Credit Losses

FASB amended its standards related to the accounting for credit losses on financial instruments. This amendment introduces new guidance for accounting for credit losses on instruments including trade receivables and finance receivables. The new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those years. The Organization is in the process of evaluating the effect the amendment will have on the financial statements.